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SURVEY of Current Affairs

Government and Administration

Devolution in Great Britain 3
Ministerial Appointment 8
Recent Legislation 8

External Affairs and Defence

Rhodesia 11
European Community 13
North Atlantic Treaty Organisation 17
Anglo-Polish Relations 21
Shorter Notes 21

Economic and Scientific Affairs

Economic Measures 22
Industrial Stoppages 1971-73 26
International Comparisons of Taxes and Social Security Contributions 27
Nationalised Industries 29
Agriculture 31
Offshore Oil and Gas 32
Science Policy 34

Social and Cultural Affairs

Race Relations 36
Community Television 40

Documentation 41

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Devolution in Great Britain

The Scotland and Wales Bill, which would establish elected Scottish and Welsh assemblies in Edinburgh and Cardiff, received its second reading in the House of Commons on 16 December 1976 by 292 votes to 247. On the same day the Government announced that the provisions of the Bill would come into effect only on the basis of affirmative votes in referenda to be held in Scotland and Wales after it has passed through all its parliamentary stages.

The Bill provides for the setting up of a Scottish Assembly with legislative powers delegated to it by Parliament in Westminster over a wide area of domestic affairs. The powers of the Welsh Assembly would be less extensive but would include powers of subordinate legislation and executive action over a broadly similar range of Government activity in Wales.

The assemblies would operate within the continuing wider framework of the United Kingdom, with Parliament retaining supreme authority to make laws for the United Kingdom as a whole, or any part of it. The Government has emphasised that in practice it intends to stand aside from the devolved fields, but if actions in devolved matters were to have damaging effects for the United Kingdom as a whole, there would be reserve powers to intervene.

Opening the second reading debate, which he described as marking 'a great constitutional change', the Prime Minister, Mr James Callaghan, said that 'when enacted, the Bill can ensure more democratic government, more truly accepted by the people. . . . It will not weaken our unity. On the contrary, it will provide an enduring constitutional framework for reconciling legitimate demands for Scottish and Welsh control over their own affairs within the unity of the United Kingdom' (*Hansard*, 13.12.76, cols 975-93).

The provisions of the Bill will be put into effect only after the holding of referenda in Scotland and Wales. Announcing the Government's decision, the Minister of State at the Privy Council Office, Mr John Smith, told MPs that the detailed features of the referenda had still to be worked out and the Government would bring forward new clauses to the Bill at its committee stage (*Hansard*, 16.12.76, cols 1736–7). Later, Mr Smith indicated that the result of the referenda in Scotland and Wales would be binding on the Government, although he was confident that the provisions of the Bill would be endorsed. The Government, he added, had not totally excluded the possibility of English electors taking part although there were serious practical difficulties in extending the referenda to England.

The Prime Minister indicated in the House of Commons that the Government intended to 'stand firmly behind the key features of the Bill'. He added, however: 'If we are persuaded that there are improved solutions on particular matters, provided of course that they do not strike at the cardinal features such as the need for continuing unity, we shall not obstinately reject other concepts and will welcome the attempts by the House to fashion the Bill constructively.'

In the week before the second reading debate, the Government published a consultative document on the desirability and possible form of changes in government in England in the light of proposed devolution to Scotland and Wales. The document – *Devolution: the English dimension* (HMSO, 45p, ISBN 0 11 700569 X) – discusses a number of alternatives and invites members of the public to express their views on a number of key issues.

This article sets out the main features of the Scotland and Wales Bill and gives an account of some of the contributions to the second reading debate. It also describes the possibilities set out by the Government for governmental change in England.

THE SCOTLAND AND WALES BILL

The Proposed Assemblies

Under the Bill, the assemblies – the Scottish consisting of about 150 members, the Welsh, 80 – would be elected by simple majority as in parliamentary elections. Initially each parliamentary constituency in Scotland and Wales would return at least two members to the appropriate assembly, and those whose electorates were more than a quarter larger than the average for their countries would return three. Eventually, parliamentary constituencies would be divided into single-member assembly constituencies.

The conditions governing eligibility for membership of the House of Commons would also apply in the case of the assemblies, except that peers and ministers of any religious denomination would be permitted to stand for election. A Member of Parliament would also be eligible for assembly membership. Those people in Scotland and Wales eligible to vote in parliamentary elections would

also be entitled to vote in those for the assembly, with the addition of peers.

Elections to the assemblies would take place every four years: there would generally be no provision for premature dissolution. On the death or resignation of an assembly member, a by-election would be held within three months.

Working of the Assemblies

There would be a Scottish Executive, with a Chief Executive as its leader. The Scottish Assembly would elect the Chief Executive, who would select the rest of the Executive, and assistants for its members. The Scottish Executive, whose members would be formally appointed by the Secretary of State for Scotland, would take over all powers at present exercised by central Government ministers in those policy areas which it is proposed to devolve (see below). Within those areas, the Scottish Assembly would have powers of primary legislation: it would be able to pass new laws, and amend or repeal existing Acts of Parliament (except the Scotland and Wales Act itself). An Assembly Bill would be required to receive the Royal Assent to become law, in the same way as parliamentary Bills.

In Wales, there would be no powers of primary legislation and there would be no Executive comparable with that in Scotland. Instead, the Welsh Assembly itself would be the executive, working through subject committees drawn proportionately from the parties represented in the assembly, and co-ordinated by a Central Executive Committee comprised largely of the leaders of the subject committees.

The Welsh Assembly and the Scottish Assembly would have powers of subordinate legislation and executive powers – that is, the authority to regulate administrative details of an Act – within the devolved areas.

Under the Bill, the establishment of the Scottish and Welsh Assemblies would not affect the representation of the people of Scotland and Wales in the House of Commons. There would continue to be 71 Members of Parliament returned from Scottish constituencies and 36 from Wales.

Devolved Areas

The assemblies would control policies and spending over a very wide field of domestic topics. The Government is proposing to make exceptions within subjects otherwise devolved only in order to avoid damaging the country's basic unity or affecting fundamental rights of United Kingdom citizenship, and to ensure uniformity for reasons such as safety or the maintenance of a fair and consistent framework for industry and commerce. In broad terms, the subjects to be devolved to the assemblies would be as follows:

Local government: responsibility for most aspects of local government administration (including in Scotland local government structure); and some aspects of local finance, including the amount and distribution of grant to support the rates, and, subject to certain conditions, rate rebates.

Health: the structure and operation of the National Health Service; policy on such matters as private practice and family planning; and general matters such as the prevention and notification of infectious diseases.

Social services: the care and support of children, the handicapped and the elderly; and supervision of the standards of private provision in these fields, and grants to voluntary bodies.

Education: the State school system, including its structure, standards and attendance requirements; policy for private schools and nursery education; further and higher education (but not the universities or the research councils); adult education; youth and community services; national and local libraries and museums; the arts, and sport.

Housing: the provision of public housing; public sector housing finance (see p 5); subsidies to local authorities and housing associations; and rent control in the public and private sectors.

Physical planning and the environment: land use and development (subject to the examination by the Government of issues involving wider United Kingdom interests); protection of the countryside; most executive aspects of the community land scheme; improvement of the environment and the rehabilitation of derelict land; all the environmental functions of the Scottish and Welsh Development Agencies; river management, main drainage and anti-flooding measures, water and sewerage (in the case of water services in Wales, the Government would retain the power to intervene if English interests were affected, in view of its continuing responsibility for national water policy for England and Wales); new towns; building regulations and design and construction standards; refuse collection and disposal.

Development and industry: including the industrial investment functions of the Scottish or Welsh Development Agencies, factory building by public bodies, and in Scotland, the functions of the Highlands and Islands Development Board. These powers would be operated in conformity with guidelines laid down by Parliament (see p 5).

Miscellaneous matters: including agricultural land, forestry and freshwater fisheries; ancient monuments and historic buildings; fire services; shop hours; betting, gaming and lotteries; the fixing of public holidays and summer time; and liquor licensing in Scotland.

Transport and road traffic: The Scottish Assembly would have powers over public passenger transport other than that provided by the British Railways Board; air and shipping services for the Highlands and Islands; the Scottish Transport Group; aerodromes; road traffic regulations; roads and bridges; and inland waterways. The Welsh Assembly's authority in this area would be restricted to powers relating to roads and bridges; grants to public passenger undertakings; local authority airports; the application of road traffic regulations (including bilingual road signs) and inland waterways.

Scottish law functions: The Scottish Assembly's authority would extend to the regulation of the courts; the general criminal law (not including the police or prosecutions); Scots private law;

regulation of the legal profession; legal aid; and the treatment of offenders. Both assemblies would have responsibility for tribunals and inquiries in devolved fields.

Nominated bodies: A number of bodies at present appointed by the Government would be directed and financed by the assemblies in respect of their activities regarding Scotland and Wales. They include the Forestry Commission, the Housing Corporation and the British Tourist Authority. The Welsh Committee of the Countryside Commission would be replaced by a separate Countryside Commission for Wales under the authority of the Welsh Assembly, which would also be empowered, subject to the Government's agreement, to take over the functions of other statutory nominated bodies operating exclusively in devolved fields in Wales.

United Kingdom Powers

There are a number of areas where devolution of responsibility from Parliament is not possible, for example, in the field of defence, the conduct of international relations, policy within the European Community, and the overall management of the United Kingdom economy.

The Bill ensures that the fundamental unity of the United Kingdom would be safeguarded by the retention by Parliament of its ultimate sovereignty: although the Government intends in practice to stand aside from devolved fields, it would be able to intervene if it thought that some action of the Scottish or Welsh administrations would have seriously adverse consequences for non-devolved subjects or for the people of the United Kingdom as a whole.

Under the Bill, the Government would be empowered to ask Parliament to set aside by resolution a Scottish Assembly Bill, or an executive action or statutory instrument of the Scottish or Welsh administration, if a subject on which only Parliament can legislate would be adversely affected by it. The Government would not be required to seek parliamentary approval where United Kingdom obligations within the European Community or in international affairs generally were involved.

The United Kingdom economy would continue to be managed as one unit, with the Government retaining control of national taxation, total public expenditure and the supply of money and credit. It would continue to regulate the framework of trade, so as to maintain a fair competitive balance for industry and commerce throughout the United Kingdom. The Government would also keep the task of devising national policies to benefit particular parts of the country and of distributing resources among them according to relative need.

The Bill would accordingly require the Scottish and Welsh administrations to observe guidelines in exercising certain powers which affect Government responsibilities for national industrial and regional policies and the management of the economy. These would apply to the exercise of the industrial investment functions of the Scottish and Welsh Development Agencies; the economic activities of the Highlands and Islands Development Board; and with regard to the terms on which public bodies operating in Scotland and Wales and responsible to the devolved administrations may dispose of industrial premises. In addition, the Government would be empowered to impose conditions in Scotland and Wales with regard to rent increases, public sector pay, and rent rebates and allowances.

Alongside such specific areas where the Government would be entitled to intervene, there would be provision for general scrutiny by the Secretary of State for Scotland of all measures passed by the Scottish Assembly. If the Government considered that a Bill exceeded the assembly's legal powers, it would not be able to reject it, but could submit it to the Judicial Committee of the Privy Council for adjudication. The Government and the assembly would be obliged to abide by the Judicial Committee's findings. Scottish Assembly Bills which had already become law would also be liable to challenge in the courts on the grounds that they fell outside the assembly's legislative competence.

Finance

The major element of finance for the devolved services would be in the form of block grants voted by Parliament.

During the second reading debate, the Prime Minister indicated that the Government was not opposed in principle to giving the assemblies some limited powers of taxation, provided that a means could be found of ensuring their fair and economical operation. He said that if such a tax could be found the Government would be prepared to consider it.

The annual public expenditure reviews, which take into account the expenditure needs of the United Kingdom as a whole, would be maintained. The Scottish and Welsh administrations would be closely involved in these reviews and would put forward each year proposals for expenditure on their public services. Once the Government had reached agreement with the administrations on the extent of the block grants, the administrations would generally be free to settle their own spending priorities.

Scottish and Welsh taxpayers would continue to pay United Kingdom taxation at United Kingdom rates into the central pool of national resources.

Scottish and Welsh Loans Funds would be established, financed from the central National Loans Fund. Borrowing from these funds or elsewhere by public corporations and local authorities for capital expenditure on devolved matters would be kept within totals laid down by the Government. Both administrations would also have short-term borrowing powers to deal with temporary cash flow problems. Again, borrowing would be kept within a ceiling laid down by the Government.

HOUSE OF COMMONS DEBATE

The Scotland and Wales Bill was given a second reading by 292 votes to 247 – a Government majority of 45 – after a four-day debate. The official Conservative Opposition voted against the Bill, but the Liberal Party, Scottish National Party, Plaid Cymru (Welsh Nationalists) and the two

Scottish Labour Party members supported it. Two Ulster Unionists also voted with the Government.

There was some voting across party lines. Five Conservative members voted in support of the Bill and 27 abstained. Ten Labour MP voted against the Government and 31 abstained.

Prime Minister's Speech

Opening the debate on 13 December, the Prime Minister, Mr James Callaghan, said that despite distinctive administrative arrangements in Scotland and Wales, dissatisfaction with the relationship between Scotland and Wales on the one hand and Westminster on the other continued, coupled with the demand for a greater measure of self-government. This was an expression of a tendency which was evident in other parts of the world. In general, it did not represent a considered demand for separation from centuries-old partnerships: support for separatist parties often occurred where there was no better means to express individual identity and tradition.

'If that is right', the Prime Minister said, 'it is for this Parliament to provide channels for the real desire to express itself – namely in a fuller and truer recognition of the continuing identity of the component parts of the kingdom . . . . The purpose of the Bill, therefore, is to give the Scottish and Welsh people a surer guarantee and a more relevant instrument of national identity than a protest vote thrown to an extreme theory.'

There were four guiding principles underlying the Bill: a respect for the distinctive characters of Scotland and Wales; the political and economic unity of the United Kingdom; the sovereignty of Parliament; and fairness to the whole of the United Kingdom.

On the first principle, Mr Callaghan said that the unity of the United Kingdom should not mean uniformity. In essence, the Bill would leave domestic decisions to the new assemblies, which would answer for them to their electors and not to Westminster or Whitehall. With regard to the second, the Prime Minister considered that the component parts of the United Kingdom had an immense bond of shared history and friendship, and had achieved far more than any one could have done separately. The Bill accordingly reflected 'the overwhelming desire of the country to preserve and maintain the unity of the kingdom'. On the third principle, the Prime Minister said: 'Devolution as expressed in this Bill is the delegation of part of Parliament's powers and not the surrender of them. The expression and guarantee of our political unity under the Crown is the common authority of Parliament and particularly of this House.'

'The fourth guiding principle', Mr Callaghan continued, 'is fairness throughout the United Kingdom. Devolution is not an instrument for conferring advantages on Scotland and Wales that will not be available to England. . . . It is not a device for the redeployment of the resources of the United Kingdom in a different way, or for changing the economic balance within the United Kingdom to the detriment of one of its parts.' Parliament would remain the guardian of fairness and equity between the United Kingdom's constituent parts.

After referring to a number of the Bill's detailed provisions, Mr Callaghan told the Commons: 'The long debates that begin today mark a great constitutional change. . . . If this Bill becomes law, as I believe it must, there will be a new settlement among the nations that constitute the United Kingdom. We shall be moving away from the highly centralised State that has characterised our system for over two and a half centuries.

'Constitutions should not be lightly tampered with, but neither should they be rigid and inflexible. They must adjust to meet the real aspirations of the nation. This Bill is well known to be the result of massive consultations and intensive discussions. It has in our view demonstrated that constitutional change is required despite the complexity of the subject.

'When enacted, the Bill can ensure more democratic government, more truly accepted by the people . . . . It will not weaken our unity. On the contrary, it will provide an enduring constitutional framework for reconciling legitimate demands for Scottish and Welsh control over their own affairs within the unity of the United Kingdom.'

Opposition View

The Leader of the Opposition, Mrs Margaret Thatcher, in reply gave her reasons for opposing the Bill (*Hansard*, 13.12.76, cols 993-1007). It was wrong, she said, to include both Scotland and Wales in the same Bill. The Government had chosen a completely wrong approach to, and wrong structure for, the Scottish Assembly. It had chosen to make it separate but supervised, and that was 'giving power with one hand and taking it back with the other. It will satisfy no-one', she continued, 'and will lead to the very discord and conflict which it is our purpose to avoid.'

Mrs Thatcher considered that an extra layer of government in Scotland on the Government's model would 'lead to delay, confusion and complication for those who have to get on with the business of providing jobs and prosperity in Scotland'. As for Wales, she believed that the Welsh people did not want an assembly.

The unity of the United Kingdom and the authority of Parliament would be endangered by the Bill, Mrs Thatcher maintained. It would have a far-reaching effect on the United Kingdom Parliament, and would cause increasing conflict. 'I believe that many people in Scotland, when they realise the consequences of this structure, will say that they would rather not have this kind of assembly.'

Later in the debate, the Opposition spokesman on devolution, Mr Francis Pym (*Hansard*, 16.12.76, cols 1852-63), said that for a long time Conservatives had proposed a new assembly in Scotland 'to be the focus of all issues affecting Scotland, to advise upon and suggest legislation to the benefit of Scotland and to be involved in it – in other words, a new elected body in Scotland to speak for Scotland within the United Kingdom'.

A third chamber of Parliament in Scotland would be a wiser solution than that proposed in the Government's Bill, Mr Pym said, because it would avoid a separate executive and duplication of the Civil Service. 'If the United Kingdom is to be preserved, an extension of Parliament in Scotland

rather than a rival Parliament is surely a sound approach.

Other Views

The Leader of the Liberal Party, Mr David Steel, considered that the Bill did not set out a clear division of powers between Parliament and the proposed assemblies (*Hansard*, 13.12.76, cols 1014-21). The Liberal Party would prefer the establishment of a federal United Kingdom, but he was prepared to accept that there might be a lag of public opinion, particularly in England. Nevertheless, 'the legislation that we are being asked to approve should be based as closely on federal principles as will allow for major adaptations to deal with further demands within England'.

In a number of areas the Bill would have to be fundamentally altered. After devolution, Scotland and Wales would be over-represented in Parliament. The role of the Secretary of State for Scotland as outlined in the Bill was too powerful, and there was no European dimension. On the question of revenue raising powers, Mr Steel said: 'To have representation without taxation and to have the block grant principle decided at Westminster is a recipe for conflict.' He suggested that some of the revenue from North Sea oil should accrue to the Scottish Assembly and not directly to the United Kingdom Treasury.

The Liberal Leader considered that, in addition, the assembly lacked power over industry, the economy and agriculture; 'and most important, there are no proposals which lead one to believe that there will be a reduction in the scale and cost of government'.

Mr Donald Stewart, for the Scottish National Party (SNP) said (*Hansard* 13.12.76, cols 1021-6) that the Bill had been introduced for one reason only – the support shown for the SNP and Plaid Cymru. The assembly would be in the interests of the SNP and it welcomed 'the chance to show that government in Scotland will work, although we will see to it that the assembly will have more and more powers'.

Mr Stewart continued: 'We regard the assembly as a first step. We accept it and we shall play a constructive part, but we shall pursue a policy of widening its control over the economy and Scottish society as a whole.' The SNP's goal of independence for Scotland arose from the fact that Scotland was a nation, and that gave rise to a constitutional principle – the right of self-determination by that nation.

Mr Gwynfor Evans, leader of the Welsh nationalist party, Plaid Cymru, considered (*Hansard*, 13.12.76' cols 1034-42) that despite the Bill's 'glaring' weaknesses 'it has the very considerable virtue of proposing to decentralise some power, to democratise an existing tier of bureaucratic government, and to give to the people in Wales some measure of control, a little more initiative and power, something that will encourage them . . . to develop their own sense of self-reliance and of social responsibility'.

Mr Evans, however, considered that there was no justification for denying the Welsh Assembly the legislative powers to be given to the Scottish. Moreover, it was a great disappointment that the Government had not proposed to decentralise more effectively control over industry and the economy, for 'nowhere [had] the centralist system failed more in Wales than in the economy'.

During the debate some Labour members who eventually voted against the Government's Bill expressed the view that devolution was irrelevant to Britain's real problems and that socialist objectives would be endangered if the United Kingdom was split up.

Among Conservative MPs who supported the principle of the Bill was Mr Edward Heath, former Prime Minister, who argued (*Hansard*, 16.12.76, cols 1776-88) that devolution was both necessary and urgent to prevent the break-up of the United Kingdom. He considered that in some areas the Government should have gone further, and that the Scottish Assembly should be given revenue-raising powers.

Summing up for the Government, the Lord President of the Council, Mr Michael Foot, said that although fears had been expressed that the Bill would undermine the unity of the United Kingdom, many MPs supported the Bill as the best way to sustain its unity. 'The Government's predominant motive in the way in which we have devised the Bill has been to sustain, as the only method of maintaining the unity of the United Kingdom, the maintenance of the supremacy of this House', he said. One of the Government's objections to proposals for federalism was that a fully-fledged federal system required a Supreme Court or a written constitution to which appeal could be made in issues of dispute. Mr Foot considered that it would fundamentally alter the British constitution 'if we were so to transform it that instead of having Parliament supreme the final word was transferred to a Supreme Court or written constitution'. He added: 'The fundamental explanation for the way in which we have devised the Bill is that we want to ensure that this House retains its supremacy and that we have the right to decide if disputes occur.'

DEVOLUTION AND ENGLAND

In the week preceding the debate on the Scotland and Wales Bill, the Government issued a consultative document on the possibilities of governmental change in England in the light of the establishment of Scottish and Welsh assemblies. It makes no positive proposals, but puts forward in general terms the broad issues which the public should examine in deciding whether or not there is a need for governmental change in England, and if so what form it might take. It poses a number of questions on the issue and invites interested bodies and the general public to express their views.

The consultative document points out that consultations in the summer of 1974 showed not only that there was a far greater desire for change in Scotland and Wales than in England, but also that there was a clearer view in those two countries as to what form it should take.

The Government does not yet advocate any specific course of action in England, but it has ruled out the establishment of an elected English Assembly with legislative powers on Scottish lines,

and the creation of elected regional assemblies with powers of legislation. It considers that the setting up of an English Assembly would create in practice a form of federation in the United Kingdom and would carry grave risks for its continuing political and economic unity, the preservation of which the Government regards as a firm principle which should govern any proposals for devolution. Among other reasons the document adduces for rejecting this course is that the creation of an English Assembly representing some 85 per cent of the population of the United Kingdom would lead to an enormous diminution in the role of Parliament in Westminster. The effect on Parliament's authority of the establishment of a series of regional legislative assemblies would be similar, the Government considers, and at the same time would lead to marked differentiation over short distances in England in the provision of, for example, education, health, housing, local government and land use planning.

Possibilities for Change in England

The consultative document outlines four possibilities for change in governmental arrangements in England. It points out that not all of them amount to devolution – in the sense of transferring power from central Government to a lower level – since in some cases they involve simply reform of the structure of local government.

Radical changes, it points out, might involve the creation of elected regional assemblies with executive powers similar to those of the proposed Welsh Assembly, financed in a similar manner. Such changes, the document considers, might alternatively take the form of elected regional bodies drawing their powers from local government and nominated bodies. The establishment of elected regional authorities of this type would in practice involve a comprehensive reorganisation of local government, for the present two-tier structure could not, in the Government's view, sensibly be combined with a third elected local tier.

The document also considers changes of a more limited kind. These it says might take the form of strengthened regional advisory bodies advising on regional needs to central Government, possibly accompanied by increased representation of central Government departments in the regions, which would enable central Government to be more sensitive to regional needs. Another alternative involving only limited change might be the elimination of deficiences in the local government structure set up in 1974. Consideration might be given to the distribution of functions within the present two-tier system, boundary changes, and the scope for making such bodies as water and health authorities more accountable.

In inviting a response from the public and interested bodies to a number of questions it poses, the consultative document outlines some of the practical problems which the possible changes would present. The effect on the power of ministers to maintain national policies and on the role of Parliament; arrangements for funding new institutions; the drawing of new boundaries; and the effects on existing institutions soon after a period of major reorganisation should all be taken into account, it says.

Ministerial Appointment

Mr Frank Judd was appointed Minister for Overseas Development on 21 December 1976 in succession to Mr Reginald Prentice, who has resigned from the Government.

The office of Minister for Overseas Development is a post under the overall responsibility of the Foreign and Commonwealth Office, but Mr Prentice had a seat in the Cabinet on a personal basis. Mr Judd will not be a member of the Cabinet, although he will attend its meetings when matters with which he is concerned are discussed.

Mr Judd was formerly Parliamentary Under-Secretary of State at the Ministry of Overseas Development.

Recent Legislation

The following is an alphabetical list of Public Acts passed during the fourth quarter of 1976. Those sponsored by a private member are indicated by an asterisk. The dates given for the second reading, refer to House of Commons *Hansard* (House of Lords where stated).

Session 1975-76

Agriculture (*Miscellaneous Provisions*) *Act 1976.* Contains new provisions relating to the operation of certain statutory bodies connected with agriculture and animal health and welfare, and embodies changes in the legislation affecting agricultural holdings. Second reading: 1.12.75, cols 1270-353. Royal Assent: 15.11.76. Ch 55, ISBN 0 10 545576 8, 75p.

Armed Forces Act 1976. Extends the duration of the Services Acts and amends those and other enactments relating to the armed forces; authorises the establishment outside the United Kingdom of standing civilian courts for civilians covered by certain Services Acts; and makes further provision for the powers of courts martial in relation to civilians. Also makes certain amendments relating to the disqualification of members of forces from membership of the House of Commons. Second reading: 10.12.75, cols 469-586. Royal Assent: 26.10.76. Ch 52, ISBN 0 10 545276 9, 75p.

Bail Act 1976 (see p 181, 1976). Second reading: 26.5.76, cols 475-566. Royal Assent: 15.11.76. Ch 63, ISBN 0 10 546376 0, 60p.

**Chronically Sick and Disabled Persons* (*Amendment*) *Act 1976.* Provides for means of access and parking facilities for disabled people at new places of work in order to improve employment opportunities for them. Second reading: 12.3.76, col 899, Royal Assent: 26.10.76. Ch 49, ISBN 0 10 544976 8. 8p.

Companies Act 1976. Amends the law relating to companies and the law relating to the registration of business names. Second reading: 23.3.76 (HL), cols 548-80. Royal Assent: 15.11.76. Ch 69, ISBN 0 10 546976 9, £1.

Development of Rural Wales Act 1976 (see p 260, 1976). Second reading: 6.5.76 (HL), cols 650-81. Royal Assent: 22.11.76. Ch 75, ISBN 0 10 415076 9, £1·35.

Dock Work Regulation Act 1976 (see pp 123-5, 485, 1976). Provides for the reconstitution of the National Dock Labour Board and for a new National Dock Labour Scheme. Second reading: 10.2.76, cols 253-375. Royal Assent: 22.11.76. Ch 79, ISBN 0 10 547976 4, 60p.

**Domestic Violence and Matrimonial Proceedings Act 1976.* Improves the procedures under which a person suffering violence within the home can obtain legal redress. Second reading: 28.7.76 (HL), cols 1437-55. Royal Assent: 26.10.76. Ch 50, ISBN 0 10 545076 6, 12p.

Education Act 1976 (see pp 87-8 and 483, 1976). Second reading: 4.2.76, cols 1217-335. Royal Assent: 22.11.76. Ch 81, ISBN 0 10 548176 9, 25p.

Electricity (*Financial Provisions*) (*Scotland*) *Act 1976.* Increases the limits on the borrowing powers of the South of Scotland Electricity Board and the North of Scotland Hydro-Electric Board, and compensates the latter for certain deficits incurred. Second reading: 26.10.76 (HL), cols 409-18. Royal Assent: 15.11.76. Ch 61, ISBN 0 10 546176 8, 15p.

Endangered Species (*Import & Export*) *Act 1976.* Provides specific and new powers to implement the Convention on International Trade in Endangered Species of Wild Fauna and Flora. Second reading: 15.10.76, cols 892-905. Royal Assent: 22.11.76. Ch 72, ISBN 0 10 547276 X, 60p.

Energy Act 1976 (see pp 294-5, 1976). Second reading: 15.6.76, cols 323-410. Royal Assent: 22.11.76. Ch 76, ISBN 0 10 547676 5, 60p.

Health Services Act 1976 (see pp 221-2, 1976). Second reading: 27.4.76, cols 200-334. Royal Assent: 22.11.76. Ch 83, ISBN 0 10 548376 1, 60p.

**Industrial Common Ownership Act 1976.* Aims to further the development of enterprises controlled by people working in them. It enables the Secretary of State for Industry to make grants, for five years after the Act comes into force, totalling up to £30,000 a year towards the provision of advice about the organisation of common ownership and co-operative enterprises, and thereafter to make grants and loans, not exceeding £250,000 in total, to help organisations to make loans to such enterprises. Second reading: 12.3.76, cols 808-82. Royal Assent: 22.11.76. Ch 78, ISBN 0 10 547876 8, 15p.

Industry (*Amendment*) *Act 1976.* Increases the limit imposed on the Secretary of State's financial assistance to industry under section 8 of the Industry Act 1972. Second reading: 4.12.75 (HL), cols 758-83. Royal Assent: 15.11.76. Ch 60, ISBN 0 10 546076 1, 35p.

International Carriage of Perishable Foodstuffs Act 1976. Enables regulations connected with the international carriage of perishable foodstuffs to be made. Second reading: 8.4.76, col 767. Royal Assent: 15.11.76. Ch 58, ISBN 0 10 545876 7, 35p.

Land Drainage Act 1976. Consolidates certain laws relating to land drainage. Second reading: 29.10.76, col 853. Royal Assent: 15.11.76. Ch 70, ISBN 0 10 547076 7, £1·85.

Licensing (*Scotland*) *Act 1976.* Amends the licensing law of Scotland. Second reading: 29.9.76 (HL), cols 410-35. Royal Assent: 15.11.76. Ch 66, ISBN 0 10 546676 X, £1·85.

Local Government (*Miscellaneous Provisions*) *Act 1976.* Amends for England and Wales certain provisions relating to highways, public health, land, housing and places of entertainment. Second reading: 23.2.76, cols 39-80. Royal Assent: 15.11.76. Ch 57, ISBN 0 10 545776 0, £1·35.

Maplin Development Authority (*Dissolution*) *Act 1976.* Provides for the dissolution of the Maplin Development Authority following the Government's decision to abandon the Maplin airport project (see pp 323-5, 1974). Second reading: 18.3.76, col 1772. Royal Assent: 26.10.76. Ch 51, ISBN 0 10 545176 2, 12p.

**Motor-Cycle Crash-Helmets* (*Religious Exemption*) *Act 1976.* Exempts turban-wearing followers of the Sikh religion from the requirement to wear a crash-helmet when riding a motor-cycle. Second reading: 27.2.76, col 874. Royal Assent: 15.11.76. Ch 62, ISBN 0 10 546276 4, 10p.

National Health Service (*Vocational Training*) *Act 1976.* Purpose is to tighten the requirements for becoming a general practitioner principal in the National Health Service by introducing a period of compulsory post-registration 'vocational training'. (Such training has existed for some years on a voluntary basis.) Second reading: 29.7.76, col 1025. Royal Assent: 15.11.76. Ch 59, ISBN 0 10 545976 3, 15p.

New Towns (*Amendment*) *Act 1976* (see pp 184-5, 1976). Second reading: 23.3.76, cols 212-337. Royal Assent: 15.11.76. Ch 68, ISBN 0 10 546876 2, 35p.

Parliamentary and Other Pensions and Salaries Act 1976. Amends the Parliamentary and Other Pensions Act 1972 to allow the pensions of members of Parliament and other office holders to be based on salaries higher than those actually paid (see pp 307-8, 1976), and provides for the pensions of the Comptroller and Auditor-General, the Parliamentary Commissioner for Administration and the Health Service Commissioners to be determined by linkage with Civil Service grades. Second reading: 29.4.76, cols 652-93. Royal Assent: 12.10.76. Ch 48, ISBN 0 10 544876 1, 22p.

Race Relations Act 1976 (see pp 183-4, 1976 and 36). Second reading: 4.2.76, cols 1547-669. Royal Assent: 22.11.76. Ch 74, ISBN 0 10 547476 2, £1·35.

Rent (*Agriculture*) *Act 1976.* Gives security of tenure to most agricultural workers, ex-workers and dependants living in housing provided by the farmers who employ, or employed, them. Second

reading: 4.5.76, cols 1067-198. Royal Assent: 22.11.76. Ch 80, ISBN 0 10 548076 2, £1·35.[1]

Resale Prices Act 1976. Consolidates statutes relating to resale price maintenance. Second reading: 18.10.76, col 1078. Royal Assent: 26.10.76. Ch 53, ISBN 0 10 545376 5, 30p.

Retirement of Teachers (Scotland) Act 1976. Fixes the retirement age for teachers in Scotland at 65 years. Second reading: 25.10.76, cols 52-99. Royal Assent: 15.11.76. Ch 65, ISBN 0 10 546576 3, 10p.

**Sexual Offences (Amendment) Act 1976.* Amends the law of rape in England and Wales. The Act defines the meaning of 'rape', and provides for the anonymity of complainants and of people charged with rape. Second reading: 13.2.76, cols 799-856. Royal Assent: 22.11.76. Ch 82, ISBN 0 10 548276 5, 25p.

Sexual Offences (Scotland) Act 1976. Consolidates much of the Scottish law on sexual offences. Second reading: 25.10.76, cols 136-55. Royal Assent: 15.11.76. Ch 67, ISBN 0 10 546776 6, 35p.

**Stock Exchange (Completion of Bargains) Act 1976.* Clarifies the law relating to the transfer of securities with a view to simplifying the activities connected with the periodic completion of bargains on stock exchanges. Second reading: 26.7.76 (HL), cols 1145-62. Royal Assent: 12.10.76. Ch 47, ISBN 0 10 544776 5, 12p.

Supplementary Benefit (Amendment) Act 1976. Increases the amount of earnings disregarded when calculating supplementary benefit for single-parent families. Second reading: 24.6.76, cols 1941-94. Royal Assent: 15.11.76. Ch 56, ISBN 0 10 545676 4, 15p.

Supplementary Benefits Act 1976. Consolidates legislation concerning supplementary benefits. Second reading: 5.11.76, col 1802. Royal Assent: 15.11.76. Ch 71, ISBN 0 10 547176 3, £1·10.

Trinidad and Tobago Republic Act 1976 (see p 341, 1976). Second reading: 18.10.76, cols 1075-8. Royal Assent: 26.10.76. Ch 54, ISBN 0 10 545476 1, 8p.

Valuation and Rating (Exempted Classes) (Scotland) Act 1976. Excludes certain lands from the valuation roll. Second reading: 25.10.76, cols 100-35. Royal Assent: 15.11.76. Ch 64, ISBN 0 10 546476 7, 15p.

Weights and Measures etc Act 1976. Amends certain enactments relating to weights and measures (including a section of the Weights & Measures Act 1963 which obliges the Government to maintain the use of imperial units – thus removing an obstacle to the completion of the changeover to metrication); and makes provision for the alleviation of shortages of food and other goods. Second reading: 18.10.76, cols 947-1025. Royal Assent: 22.11.76. Ch 77, ISBN 0 10 547776 1, 50p.

Session 1976-77

Consolidated Fund (No 2) Act 1976. Authorises the Treasury to make a sum available to the public service. Second reading: 20.12.76, cols 115-399. Royal Assent: 22.12.76. Ch 84, ISBN 0 10 548476 8, 10p.

Fishery Limits Act 1976 (see pp 464-5, 1976). Second reading: 16.12.76 (HL), cols 1020-58. Royal Assent: 22.12.76. Ch 86, ISBN 0 10 548676 0, 35p.

National Insurance Surcharge Act 1976. Imposes a surcharge, payable into the Consolidated Fund, on employers' social security contributions paid on behalf of their employees (see p 327). Second reading: 6.12.76, cols 31-156. Royal Assent: 22.12.76. Ch 85, ISBN 0 10 548576 4, 15p.

[1] Because of a printing error during this statute's parliamentary passage the House of Commons passed an important Lords' amendment in its incorrect form. The Act was subsequently published without giving effect to either form because of their inconsistency with one another. The Lord President of the Council announced on 10 January that the Government was considering how to put matters right, including the possibility of having short amending legislation (*Hansard*, col 1065).

EXTERNAL AFFAIRS AND DEFENCE

Rhodesia

The Geneva Conference on Rhodesia went into recess on 14 December 1976. Reporting this to the House of Commons on the same day (*Hansard*, 14.12.76, cols 1187-97) the Secretary of State for Foreign and Commonwealth Affairs, Mr Anthony Crosland, also announced that Mr Ivor Richard, the chairman of the Geneva Conference, would visit southern Africa during the recess for consultations with all the parties concerned in the Rhodesia problem. On 11 January Mr Crosland told the House of Commons (*Hansard*, 11.1.77, col 438) that the conference would reconvene as soon as Mr Richard, who had set out on his mission on 28 December, had established a basis upon which it could meet with a good prospect of success. (It had earlier been intended that the conference should reconvene on 17 January.)

Mr Crosland's Statement

In his statement Mr Crosland said that 'The early weeks of the Geneva conference were spent in discussing the date by which Rhodesia would achieve independence as the new sovereign state of Zimbabwe. This discussion, while it absorbed a great deal of time, was helpful in demonstrating conclusively to all the participants that the object of the conference really is to launch Rhodesia on the road to independence under majority rule.

'For the past fortnight,' he continued, 'the discussions have focused on the central issue – the structure and functions of the transitional government. While no agreement has been reached, good progress has been made in identifying and clarifying the views of the different parties, and the points that must be settled before a transitional government can be established.' Mr Crosland explained that after consulting with Mr Ivor Richard he had concluded 'that the stage has now been reached where Britain should attempt to give a fresh impetus to the search for a solution. But it is clear . . . that this process is more likely to be successful if it is not initiated during the normal meetings of the conference. We now need a further period of intensive consultations, in southern Africa, to enable us to lay the foundations for an agreement on this fundamental question.' The conference was being adjourned to allow such consultations to take place.

Mr Crosland said that he had asked Mr Richard, as the Government's Special Representative, 'to leave for Africa immediately after Christmas in order to consult with all the parties concerned. He will develop our positive ideas for a settlement, which would include, in particular, the direct role which Britain would be ready to play in the transitional period. If, at the end of his consultations, it proves necessary or desirable, I would myself go either to Africa or to the resumed conference at Geneva . . . . Our intention will be to meet the concern of the nationalists that the process of transition to independence should be rapid and guaranteed, and the anxieties of the Europeans that it should be orderly.' Mr Crosland concluded his statement by adding that it was 'the general feeling among the delegates at Geneva that an adjournment of some weeks would now be the best way of carrying forward our work to a successful conclusion' and by saying that he had consulted with Dr Kissinger, the retiring United States Secretary of State, who also 'strongly supports the proposed procedure'.

The Conference

The conference opened on 28 October. At Britain's invitation it was attended by delegations representing the illegal regime, initially led by Mr Ian Smith, and by four delegations representing the various nationalist interests and led respectively by Mr Robert Mugabe, Bishop Abel Muzorewa, Mr Joshua Nkomo, and the Reverend Ndabaningi Sithole. Prior to the conference, Mr Nkomo, the leader of the Zimbabwe African People's Union (ZAPU), and Mr Mugabe, a spokesman for the Zimbabwe People's Army (ZIPA), who is also contesting the leadership of the Zimbabwe African National Union (ZANU) with the Rev. Sithole, formed the Zimbabwe Patriotic Front. Bishop Muzorewa is the leader of the African National Council. In addition the plenary sessions of the conference have been attended by observers representing the Governments of Botswana, Mozambique, Tanzania, and Zambia, as well as the Organisation of African Unity, and the Commonwealth Secretariat.

Mr Ted Rowlands, Minister of State at the Foreign and Commonwealth Office, discussed the problems faced by the Geneva negotiators in a speech at Newport, Gwent, on 26 November. The purposes of the negotiations, Mr Rowlands emphasised, were threefold. First, 'to establish an interim government, which will see Rhodesia

through the difficult transitional period during which the apparatus of government of a white minority must be replaced by a new structure reflecting the wishes of the majority and working to those ends. It will be vital – if any interim structure is to have the support and confidence of the nationalist movements – to ensure that the process to majority rule and independence is irreversible, and is seen to be irreversible – to ensure that these processes cannot be sabotaged.' Secondly, he continued, 'any transitional arrangements must also achieve if not the co-operation at least the acquiescence of the white minority which has held and still holds *de facto* power. Thirdly, the principle of Nibmar must be maintained. Nibmar – no independence before majority rule – has been an enshrined principle supported by nearly all opinion in Britain over the last 11 years.'

With regard to Britain's role Mr Rowlands stated that 'there can be no question of a British military presence, or a new colonial superstructure imposed by us on Rhodesia. There is', he explained, 'no real substitute for genuine agreement thrashed out through negotiation by Rhodesians themselves – black and white. However, the British Government stands ready to assume whatever role and responsibility we see necessary to achieve majority rule and independence by March 1978 or earlier.'

The early sessions of the Geneva Conference were mainly occupied in discussing the date by which Rhodesia would achieve independence. Wide differences emerged between the delegations' views on the length of time required to complete the various stages of legislation to set up the interim government; to work out the independence constitution; to prepare for and to hold elections; and to legislate for independence. The four African nationalist delegations, and in particular the leaders of the Zimbabwe Patriotic Front, Mr Nkomo and Mr Mugabe, maintained that the process could be completed within nine or ten months and that a definite date for independence within one year should be written into the agreement for Rhodesian independence. On the other hand, the illegal Rhodesian regime had published its own eight-stage plan for transition to majority rule encompassing a 25-month time-scale which, it said, could possibly be trimmed to 23 months. Mr Smith reaffirmed his government's commitment to the five points (see p 386, 1976) which set a two-year deadline for independence.

A compromise solution, however, emerged towards the end of November following proposals put forward in a statement, on the 16th, by Mr Ivor Richard. These were that while the necessary steps would probably take 15 months to complete, Britain would grant Rhodesia independence sooner if the necessary steps can be completed, but will confer it by 1 March 1978. This compromise proposal was accepted with minor textual amendments by the Nationalists on 26 November. The leader of the Rhodesian regime's delegation, the 'Foreign Minister' Mr P. K. van der Byl, in the absence of Mr Smith who had earlier returned to Salisbury, 'accepted' the British position with the reservation that the Rhodesian regime adhered to its position that it would probably take two years to implement the required constitutional changes.

Rhodesia Sanctions

The Southern Rhodesia Act 1965 (Continuation) Order 1976 was approved in the House of Commons on 20 October by 191 votes to 20 (*Hansard*, cols 1474-620), support for the Order being given by the spokesmen of the main parties, and in the House of Lords on 12 November (*Hansard*, HL, cols 868-964). The effect of the Order is to continue in force for a further year section 2 of the Act which gives Her Majesty in Council power to take whatever measures are necessary to deal with the situation in Rhodesia which was brought about by the illegal declaration of independence.

During the parliamentary debate Mr Crosland emphasised that it was still necessary to keep sanctions in being. He said: 'The Smith regime's acceptance of majority rule within two years has of course completely changed the situation. But until we can all be satisfied that majority rule is inevitable within two years Britain must give a lead to the international community in ensuring that sanctions are maintained.' Mr Crosland pointed out that the renewal of the Rhodesia Act 1965 could be of vital importance to the making of arrangements for the legalisation of the interim administration. 'Once the introduction of early majority rule is certain beyond doubt, then the justification for sanctions would fade away.' In these circumstances it would be wrong to maintain sanctions in force when the overriding objective was the establishment of an independent Zimbabwe on the road to peace and prosperity.

Mr Reginald Maudling speaking for the Opposition said that he agreed with the renewal of the sanctions Order but that he should have preferred a renewal of three months which would cover the term of the conference. He said that 'the Government . . . must act so that they are ready to remove sanctions the moment that the conference has succeeded . . .'.

British Policy in Southern Africa

In his speech at Newport on 26 November, Mr Rowlands also set out the general principles which guided British policy in southern Africa. These were he explained:

1. 'Britain must stand up for and be counted as a nation that upholds and backs the aspirations of the overwhelming majority of people in southern Africa. There can be no equivocation, no temporising on that principle. We have made it clear, and I make it clear again, a British Government will not come to the aid and defence of a white minority in Rhodesia which has governed in its interests and not those of all the people of Rhodesia.'

2. Britain does 'not see the issues of southern Africa strictly in terms of the cold war warriors. . . . To think in terms of world political groupings takes no account of the real interests and wishes of the people. If we see the aspirations of black nationalism in terms of the spread of Communist influences we shall be tempted to make common cause with the very systems we oppose. . . . That cannot be Britain's position.'

3. This 'does not mean Britain will have nothing to do with South Africa, and will not maintain its normal trading links with South Africa. That policy . . . would do little to help the majority of suppressed peoples in southern Africa. . . . However, there is one form of trade we must and do embargo – the sordid traffic in arms to South Africa.'

4. 'Britain in conjunction with its EEC partners and the international community must play its full part in bridging the gap between the developed and developing world. This is of great significance in the context of southern Africa', and 'Britain must ensure the policies of the developed world give meaningful consideration to the needs of southern Africa'.

5. '. . . it is fundamentally important . . . that Britain and southern Africa recognise the genuine limitations in our capacity to intervene or control certain situations.'

6. To find ways 'to resolve the remaining colonial problems of Rhodesia and Namibia as well as the racial conflict in South Africa by peaceful means. Southern Africa presents the greatest challenge to the approach we now uphold. Our whole policy towards settlement in Rhodesia and Namibia is based on the belief that freedom should be established by negotiation and not by the gun, and that the aspirations and wishes of the people of these two countries can be determined by democracy not dictation. . . . Our endeavours must be to assist in freeing the suppressed majority, but ensuring that in their freedom they have a choice as to what sort of society they wish to create. It is not the prerogative of a white minority nor of a liberation leader to dictate to the Zimbabwean people the kind of political system they want. This is for them to decide – and to decide by still the best method of divining the wishes of people – by their vote.'

(For background see Factel No 668, *Rhodesia*, October 1976, issued by Reference Division, Central Office of Information.)

European Community

At Council of Ministers' meetings in December 1976 a number of decisions were taken affecting economic, environmental, social and external policy. Agricultural and fisheries matters also formed part of the month's activities.

The new Commission has now been formally established and members take office from 6 January 1977. These and other developments are described below.

EUROPEAN COMMISSION

The new Commission has taken office for the period 6 January 1977 to 5 January 1981.[1] The members and the distribution of their responsibilities are as follows:

President

Mr Roy Jenkins (British)
General secretariat; legal service; information; spokesman's group.

Vice-Presidents

Mr Finn Olav Gundelach (Danish)
Agriculture and fisheries.

Herr Wilhelm Haferkamp (Federal Republic of Germany)
External relations.

Signor Lorenzo Natali (Italian)
Special responsibility for institutional questions pertaining to enlargement; environmental affairs; nuclear safety; preparations for direct elections to the European Assembly.

M. François-Xavier Ortoli (French)
Economic and financial affairs; credits and investments; statistical office.

Mr Henk Vredeling (Netherlander)
Employment and social affairs; tripartite conference of representatives from government, workers and employers organisations in member states.

Other Members

Dr Guido Brunner (Federal Republic of Germany)
Energy; research and science; education.

Mr Richard Burke (Irish)
Taxation; transport; consumer affairs; relations with the European Assembly.

M. Claude Cheysson (French)
Development aid.

Viscount Etienne Davignon (Belgian)
Industrial affairs; internal market.

Signor Antonio Giolitti (Italian)
Co-ordination of Community funds; regional policy.

Mr Christopher Tugendhat (British)
Budget and financial control; financial institutions; personnel and administration.

M. Raymond Vouel (Luxembourg)
Competition policy.

FISHERIES

Fisheries were discussed by the foreign ministers during the Council meetings on 13 and 20 December 1976, while on 16 December the Council fixed guide, producer or intervention prices for certain fish species and fishery products. Britain's new fishery limits came into force on 1 January.

Non-Community Countries

Dr David Owen, Minister of State for Foreign and Commonwealth Affairs, stated in a parliamentary

[1] The President and the Vice-Presidents are appointed from among the Commission's members for a term of two years in the first instance. Their appointments may be renewed.

answer (*Hansard*, 16.12.76, written answers, cols 737-8) that on 13 December the foreign ministers had reached agreement on the levels of fishing which might be permitted to non-Community countries in 1977, after member states had extended their fishing limits on 1 January (see pp 464-5, 1976).

'With certain countries', said Dr Owen, 'it is hoped that an agreement based on reciprocity, lasting for up to a year, may be reached to cover the period while the Community is continuing to work towards the revision of the common fisheries policy (see below). With other countries, notably the Soviet Union, Poland and the German Democratic Republic, the Community will allow a quota for three months only in the first instance, at the average level of fishing in the period 1965-74, reduced by a further 15 per cent. [Since 1965 there has been a large increase in the Soviet catch within the Community's 200-mile limit—see p 465, 1976.] The situation will be reviewed thereafter. All third [that is, non-Community] countries will have to provide a list of vessels, giving details of technical characteristics, before they engage in fishing. Some countries, whose fishing is of recent origin, will not be allowed to fish from 1 January 1977.' (See below for arrangements within Britain's new fishery limits.)

Iceland

During the meeting on 20 December a member of the Commission, Mr Gundelach, gave a progress report on the state of negotiations with third countries. In a statement on the meeting which he made in the House of Commons (*Hansard*, 21.12.76, cols 468-9) Dr Owen reported that Mr Gundelach 'had so far been unable to reach agreement with the Icelandic Government which would permit the resumption of British fishing in Icelandic waters from 1 January' (see p 465, 1976). 'He hoped,' said Dr Owen, 'and would continue to work, for a positive decision by the Icelandic Government as soon as possible in January; but he indicated that this might not be possible until the Icelandic Parliament had reconvened on 24 January. The Council agreed that Mr Gundelach's report gave great cause for concern. Further negotiations will be held in January.'

Internal Regime

At its meeting on 13 December the Council discussed the interim internal fisheries regime for 1977, which would be designed to regulate fishing within the member states' 200-mile zone while work continues on the revision of the common fisheries policy (see pp 421-2, 1976). Agreement was not reached during this meeting, and Dr Owen reported in his statement on the meeting that the British Government had made it clear that, while it preferred an interim community solution, this could only be on the basis of proposals which protected the interests of British fishermen and were without prejudice to longer-term arrangements.

In his statement on the meeting of 20 December, after reporting on the continuing negotiations with third countries (see above), Dr Owen said: 'Against this background the Council decided that it would not be possible to reach agreement on the interim measures for an internal fisheries regime suggested by the Commission until greater clarity emerged as to how much fish would be available both inside and outside the waters of member states. The Council therefore agreed that there should be a stand-still arrangement for the month of January, without prejudice to the position of any member state on the content of a future fisheries regime.' The Council's declaration on this subject (*Hansard*, 21.12.76, cols 480-1) provides that member states will restrain their catches in January 1977 to within the quantity taken in January 1976, and that existing conservation measures will remain unchanged during this stand-still period. Dr Owen commented: 'This one-month stand-still is consistent with the need to consult on the detail of non-discriminatory conservation measures which will be necessary either as part of a Community agreement or prior to reaching agreement.'

Britain's Fishery Limits

Britain's Fishery Limits Bill (see pp 464-5, 1976) became an Act by receiving Royal Assent on 22 December 1976. Orders made under the Act have the effect of extending British fishery limits to 200 miles (or, where appropriate, the median line between Britain and neighbouring countries) from 1 January and enable vessels of certain overseas countries to continue fishing within these limits. These include the other member states of the Community and, for a period of three months, Norway, Sweden, Finland, Spain, Portugal, the German Democratic Republic, Poland, the Soviet Union and the Faroe Islands.[1] No change has been made in the arrangements which apply at present within 12 miles of the British coast, where a number of states enjoy historic rights allowing them to fish for certain species in designated parts of a 6- to 12-mile belt.

AGRICULTURE

Improved arrangements for beef imports from outside the Community were agreed at the Council meeting on 20 and 21 December 1976. Among the other questions discussed were the milk action programme, the 'green' currencies, aid to processing and marketing, and health control of meat products. (Community topics were also covered in a speech made by the British Minister of Agriculture to a farming audience—see pp 31-2.)

Beef Imports

During the Council meeting on 22 and 23 November 1976, the British Minister of Agriculture, Fisheries and Food, Mr John Silkin, had withheld agreement to the Commission's proposal on beef imports until more liberal arrangements were accepted both for 1977 and for the longer term (see p 466, 1976). Mr Silkin told the House of Commons in a statement (*Hansard*, 23.12.76, cols 920-2) that at its 20-21 December meeting the Council had agreed to 'much improved arrangements'. 'From 1 April 1977,' continued the minister, 'the safeguard clause—a ban on beef imports from outside the Community except

[1] The Faroe Islands constitute a self-governing community within the Kingdom of Denmark which did not accede to the European Community when Denmark joined.

under special arrangements—will be removed. It will be replaced by a new permanent import regime. Levies both on fresh and frozen beef will be progressively dismantled when prices rise and imported beef is needed. Even when prices are low, the levy will not go above a level about 10 per cent below the Commission's proposal. There will also be provision for Community imports in 1977, effective from 1 April, of 75,000 tonnes of beef for manufacture at a reduced or nil levy, of which 25,000 tonnes will be for corned beef manufacture.'

The minister went on to announce that for the first three months of 1977, that is, for the period before these arrangements come into effect, Britain had negotiated substantial improvements, both on canned and boneless beef, in the 'jumelage' (twinning) scheme, under which licences for beef imports from outside the Community are linked to sales of the Community's surplus beef from intervention stores (that is, stores which contain farm products purchased by the Community's intervention agencies in order to prevent excessive falls in market prices). Under the scheme, imports are not allowed to exceed the amount sold from these stores, so that the meat surplus is not increased; the new arrangement will enable more beef to be imported by releasing additional quantities of the 'intervention' beef. Mr Silkin also reported an increase to 12,750 tonnes of Britain's 1977 quota of levy-free beef imported under the General Agreement on Tariffs and Trade's (GATT) scheme.

Milk

The minister said that no progress had been made by the Council on the milk action programme (see pp 422 and 465-6, 1976). 'Some member states', he explained, 'could agree to the proposals only if the tax on vegetable and marine fats and oils were included. I made clear that this tax was not a necessary part of the package and was totally unacceptable to us.' Other member states had supported the British view. Mr Silkin had also restated Britain's opposition to the proposed ban on investment aids and the proposal on 'exclusive use' [that is, the proposal that no fat other than butterfat should be used in milk products].

'Green' Currencies

The minister reported that the Commission and other member states had again pressed him to make an immediate devaluation of the green pound (see p 422, 1976) but he had resisted this. At the request of the Irish Government, the representative rate for the Irish pound was being devalued by 8 per cent. He had obtained the Council's endorsement of the meat industry employment subsidy which the Government had found it necessary to pay in Northern Ireland. (The subsidy, paid to farmers in respect of animals sold for processing in Northern Ireland, was introduced in October, following the devaluation of the Irish green pound—see p 402, 1976—so that meat processors in Northern Ireland should be able to compete with plants in the Irish Republic for available supplies of cattle and pigs. Without the scheme there would have been an incentive to smuggle livestock into the Republic to obtain the higher support prices resulting from the devaluation.)

Aid for Processing and Marketing

Mr Silkin said that the Council had agreed on the proposed regulation on Community aid for processing and marketing. This would make available about £165 million over five years within the Community for improvements in the processing and marketing of agricultural products and fish. He believed that this would be helpful to investment in the British food industry and that the housewife would gain from lower costs and improved quality in an already efficient sector of industry.

Health Control of Meat Products

The Council agreed to an amended directive on health control of meat products in intra-Community trade. The draft directive had required that an official veterinarian should supervise and inspect meat product processing, whereas in Britain this responsibility is given to local environment health officers. At Britain's request, all references to veterinary supervision have been deleted. Mr Silkin said: 'We shall continue with our present arrangements for the allocation of responsibilities between veterinarians and environmental health officers and the whole question will be reviewed within the Community by July 1977.'

SOCIAL AND ECONOMIC POLICY

Employees' Rights

At a meeting on 9 December 1976, devoted to social affairs, the Council of Ministers agreed on a directive which will harmonise the laws of member states on the safeguarding of employees' rights in the case of transfers to another employer of undertakings, businesses or parts of businesses within the territorial area of the Community. The aim is to ensure the automatic transfer of employees' rights, to effect a ban on dismissal resulting from a transfer, and to provide a procedure for informing and consulting the representatives of the employees affected by the transfer.

Free Movement of Doctors

From 20 December 1976, subject to certain training qualifications and experience, doctors in the Community are free to practise in any of the nine member states. The provisions apply, however, only to those doctors who hold a medical diploma or degree awarded in medical schools or appropriate institutions in Community countries. Two directives have been adopted, the first of which includes a list of mutually recognised qualifications for general practitioners and specialists. The second directive specifies that all member states shall ensure that access to medical practice shall be conditional on the possession of a diploma guaranteeing that the person concerned has the required professional and scientific knowledge, as well as adequate clinical experience. It also defines the minimum duration and content of training in general and specialist medicine.

The Minister of State for Health, Mr Roland Moyle, stated that the 'Government have now formally designated the General Medical Council and the other appropriate bodies in this country as competent to issue the documents required by

doctors from the United Kingdom who wish to practise in another EEC country under the terms of the directives' (*Hansard*, 14.12.76, written answers, col 636). He went on: 'It is also proposed to make changes in the United Kingdom law which are necessary to give full effect to the directives, and in particular to allow doctors who are nationals of other EEC countries the same rights to practise here as United Kingdom doctors.' However, the minister told the House that some complex legal issues still have to be resolved before changes to British law can be made, but that the delay is expected to be brief.

Directive on Value-added Tax

Community ministers responsible for fiscal policy agreed on 16 December 1976 on the sixth directive on value-added tax (VAT) which will, over a five-year transition period beginning in 1978, produce a harmonisation of the base for collection of VAT throughout the Community. From the start of 1978 the Community is to replace that portion of its resources that comes from national contributions with revenue equivalent of up to 1 per cent of VAT raised in member states. This will make it possible to apply the Community's 'own resources' budgetary system in full.

Curbs on Steel Output

Voluntary measures to curb the output of certain steel products will be applied during the first four months of 1977, in an attempt to adjust steel output to demand within the Community. Under the voluntary plan, seven independent British firms as well as the British Steel Corporation will keep their output within agreed limits.

The then member of the Commission with responsibility for the steel industry, M. Henri Simonet, has said that if the voluntary curbs do not prove to be effective, the Commission is likely to declare a 'state of manifest crisis' in the industry, which will enable the Commission to enforce controls.

Food Harmonisation Proposals

The European Commission has withdrawn its proposals for harmonising standards for certain processed foods, such as beer, ice-cream and bread. They are no longer regarded as realistic or likely to promote intra-Community trade in these products. Emphasis will now be placed on removing technical barriers to trade.

Community ministers have, on occasions, voiced their opposition to these harmonisation proposals; the British Foreign and Commonwealth Secretary said in October 1976 (see p 384, 1976), that he considered some of these proposals to be 'gratuitous' and 'pointless' and to have done 'harm to the concept of Europe in Britain'.

Insurance Agents and Brokers

The Council of Ministers which met on 13 and 14 October 1976 has agreed on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of the activities of insurance agents and brokers. These measures will provide for mutual recognition throughout the Community of professional qualifications based on the length of professional experience, which will be recognised as equivalent to a period of professional training.

The directive is regarded by the Council to be a positive move towards achieving a harmonised insurance market and as a step towards the Community's more general aim of freedom of establishment and freedom to provide services.

Public Limited Liability Companies

The Council also adopted a directive which will co-ordinate measures applied in member states for the protection of the interests of shareholders in respect of the formation of public limited liability companies, and in the event of any alteration of their capital. The directive lays down rules aimed at preserving capital – in particular by controlling distributions to shareholders and limiting opportunities for companies to acquire their own shares. Adoption of this directive should facilitate the establishment of companies across national boundaries, while at the same time offering shareholders certain minimum safeguards.

ENVIRONMENTAL POLICY

Action Programme on the Environment

Community ministers with special responsibility for the environment met on 9 December 1976 and approved the second action programme on the environment for 1977-81. This programme will continue the work on projects undertaken in the first programme (see p 356, 1973) but several new topics are also included; for example, there will be measures against atmospheric pollution, against noise, and to combat discharge and waste. A study of environmental problems of interest to the developing countries will also be undertaken.

Lead Levels

The Council adopted a directive which provides for an assessment of the current exposure to lead of the populations of the nine member states, measured in terms of the lead content of the blood. Two campaigns will be carried out over a period of four years with samples of at least 50 analyses per million inhabitants in each campaign.

The Rhine

The Council also adopted a decision which will enable the Community to participate in the International Commission for the protection of the Rhine against Pollution.

EXTERNAL RELATIONS

Turkey

Improvements have been made to the EEC-Turkey Association agreement (see p 317, 1976), which provide for improved conditions for Turkish workers in Community countries, and better access for some Turkish agricultural exports.

Yugoslavia

The then President of the Council of the European Community, Mr Max van der Stoel, visited Yugoslavia on 1 and 2 December. At the close of talks

between the Community and Yugoslavia a joint statement was issued which expressed the 'intention of strengthening, deepening and diversifying co-operation between the Community and Yugoslavia, in the common interest of both parties, by developing their relations and extending them to new areas. In particular there was an agreement to co-operate more effectively in trade, industrial, agricultural and economic matters, and to extend co-operation in fields such as transport, fisheries, iron and steel, telecommunications, the environment, tourism, science and technology, and any other sector of mutual interest.

Aid to Non-associated Developing Countries

Following the agreement to commit 20 million units of account (mua) to developing countries not associated with the Community (see p 424, 1976), the Council decided on 8 December to allocate this sum on the basis of the guidelines laid down by the Commission. The main beneficiaries are Bangladesh (2·5 mua), Bolivia (2 mua), India (6 mua), Indonesia (1 mua), Pakistan (3 mua), and Sri Lanka (2 mua). The Asian Development Bank will receive 1·5 mua and the International Crops Research Institute for the Semi-Arid Tropics will receive 2 mua for research activities.

Generalised Scheme of Preferences

Community foreign ministers meeting as Council of Ministers on 13 and 14 December 1976 have agreed on the Generalised Scheme of Preferences (GSP) which will be applied to developing countries in 1977. The purpose of the GSP is to help developing countries increase their export earnings and to promote their industrialisation by providing reduced-duty or duty-free access for a wide range of products. The maximum amount allowed in preferential imports will be increased from 4,600 mua to 6,500 mua in 1977. Duty on a large number of products has been reduced and a number of new items will now be included in the scheme.

United Nations Industrial Development Organisation

A co-operation agreement has been signed between the United Nations Industrial Development Organisation and the European Community, with the object of facilitating and harmonising their efforts to promote the industrialisation of the developing countries. The areas covered in the agreement include industrial studies, technical assistance, the promotion and financing of industrial investment, industrial training and technology, and the promotion of industrial co-operation among developing countries.

North Atlantic Treaty Organisation

The regular six-monthly ministerial meeting of the North Atlantic Council was held in Brussels on 9 and 10 December 1976. Britain was represented by Mr Anthony Crosland, Secretary of State for Foreign and Commonwealth Affairs. The Eurogroup met in ministerial session on 6 December (see p 20), and the Defence Planning Committee on 7 and 8 December (see p 19). The Secretary of State for Defence, Mr Frederick Mulley, represented Britain at these meetings. Sir John Killick, Britain's permanent representative on the NATO Council, deputised for Mr Mulley at some meetings of the Defence Planning Committee when Government business required the Secretary of State to return to London.

NORTH ATLANTIC COUNCIL

The following is the text of the communiqué issued after the council meeting (headings added):

The North Atlantic Council met in ministerial session in Brussels on 9 and 10 December. Ministers recognised the indispensable role of a strong Alliance in ensuring the security of member countries, and in providing the foundation for their efforts to establish a more constructive and stable relationship with the Warsaw Pact countries. They expressed their determination to maintain and enhance the cohesion and strength of the Alliance.

Détente and Security

2. *Ministers stressed the need for East-West relations to develop at a more satisfactory pace. They recognised nonetheless, that progressive improvement of these relations may be slow and sometimes difficult, and that it calls for perseverance and steadiness over the years. They emphasised that their governments would continue to seek realistic opportunities to resolve points of difference with the East and to build on mutual interest, and look for corresponding efforts by the Warsaw Pact countries.*

Ministers stressed, however, that if détente *is to progress, with the necessary public support, and not to falter, there must be real improvements across the entire range of international relations. It should not be assumed that heightened tensions in one area of relations would not have repercussions on other areas. In all parts of the world, confrontation can and should be avoided by respect for the accepted principles of international behaviour.*

Ministers also emphasised the cardinal importance they attached to reducing the risks of confrontation in the military sphere. They viewed with concern the high level of military expenditure in the Soviet Union and the continued disquieting expansion of the military power of the Warsaw Pact on land, air and sea, which are difficult to reconcile with the avowed desire of the Soviet Union to improve East-West relations. Faced with this persistent growth in military might, Ministers reiterated their determination to take the measures necessary to maintain and improve their own defensive military forces, in order to ensure credible deterrence and to safeguard their countries from any risk of military aggression or political pressure.

3. *At the same time, Ministers expressed their concern that the continued expansion of armaments would increasingly endanger not only world*

security but also the economic well-being of all nations. They stressed that these dangers could only be averted if all countries concerned joined in realistic efforts to achieve genuine and controlled measures of disarmament and arms control.

Ministers confirmed that the countries of the Alliance, in the event of an attack on them, cannot renounce the use, as may be required for defence, of any of the means available to them. Ministers also stated their view that all states which participated in the CSCE [see pp 305-12, 1975] *should respect strictly the renunciation of the threat or use of force as laid down in the Charter of the United Nations and reaffirmed in the Final Act of Helsinki. This renunciation must apply to all types of weapons. It is essential for the strengthening of peace that there should be no build-up of armaments of any type beyond the needs of defence: policy which has always been followed by the Alliance. Ministers also stated their position that the Alliance will remain a free association open to all European states devoted to the defence of the freedom, common heritage and civilisation of their peoples. Furthermore, Ministers recalled that the right of states to belong or not to belong to treaties of alliance was confirmed in the Final Act of Helsinki. It is in the light of these considerations that they have concluded that the recently published Warsaw Pact proposals could not be accepted.*

Implementation of the Final Act of the Helsinki Conference

4. *Ministers stated again the determination of their governments to continue to comply with all the principles and provisions of the Final Act of the CSCE and expected that all other signatories would take steps to fully implement them. They noted that some progress had been made in implementation. However, much remains to be done before the benefits of the Final Act become significantly apparent in tangible improvements, not only in relations between states, but also in the lives of peoples and individuals. Ministers recalled that the Final Act acknowledges that wider human contacts and dissemination of information would contribute to the strengthening of peace and expressed the hope that the Warsaw Pact countries would take measures leading to significant progress in the pace of implementation of the Final Act in the months to come.*

Ministers also noted that allied governments had fully and scrupulously implemented the provisions of the Final Act dealing with confidence-building measures. They noted that the practice of notifying major manoeuvres was beginning to be established: however, unlike allied countries, Warsaw Pact countries had still not notified manoeuvres involving less than 25,000 men. They regretted that the Warsaw Pact countries had failed to respond to the invitation they had received to send observers to Western manoeuvres.

Ministers looked forward with interest to the follow-up meeting to be held in Belgrade during 1977. The meeting provides an opportunity for a thorough and objective review of the situation prevailing in all the signatory countries as regards all the areas covered by the Final Act, and also for considering the further progress that could be made towards the objectives agreed in Helsinki. Allied governments intend to play their full part in seeking positive results, with the aim of furthering the cause of peace and co-operation in Europe.

Strategic Arms Limitation

5. *Ministers heard a report from the United States Secretary of State on the progress and prospects of the United States-USSR Strategic Arms Limitation Talks and discussed the relationship between the SALT negotiations and allied security interests. Ministers found the report on SALT both useful and informative and welcomed continued United States efforts towards achievement of a satisfactory SALT agreement which takes into account allied interests and concerns.*

Mutual and Balanced Force Reductions

6. *Ministers of the participating countries reviewed the state of negotiations in Vienna on Mutual and Balanced Force Reductions (MBFR). They expressed their conviction that* [the objective of] *these negotiations could be achieved by their proposal to establish, in the area of reductions, approximate parity in ground forces in the form of a common collective ceiling for ground force manpower on each side and to reduce the disparity in main battle tanks. These Ministers stressed that agreement to the goal of a common collective ceiling and reductions of United States and Soviet ground forces in the first phase would be an important and practical first step leading to the common collective ceiling which would be reached through additional reductions in the second phase.*

These Ministers noted with regret that the important specific additional offer made one year ago had thus far not met with an adequate response. They reaffirmed their conviction that the Western proposal provided a reasonable foundation for a just and equitable MBFR agreement. They re-emphasised their continuing resolve to press for the achievement of the objectives of the Western participants which would ensure undiminished security for all countries concerned. They expressed satisfaction with their governments' continuing solidarity, based on the firm support of their public opinion, and reaffirmed the principle that NATO forces should not be reduced except in the context of Mutual and Balanced Force Reduction agreements.

Germany

7. *In connection with Germany and Berlin, Ministers reviewed the developments which had occurred since their last meeting in May 1976.*

Ministers expressed themselves satisfied with the progress which had been possible in matters relating to Berlin on the basis of the Quadripartite Agreement during the five years since its signature. In particular, the agreement had significantly alleviated the lives of many Germans.

Ministers confirmed the continued commitment of their countries to the security and viability of Berlin. These remain essential elements of Western

policy, and of détente between East and West. They noted the need for Berlin fully to benefit from any improvement in East-West relations, in particular through its ties to the Federal Republic of Germany as they are confirmed in the Quadripartite Agreement.

Ministers emphasised that the Quadripartite Agreement was part of a greater balance of interests which had, to a very great degree, made possible and contributed to the development of better relations between East and West in Europe. They noted that this process would be placed in serious jeopardy if any one of the signatories failed fully to observe the commitments which it undertook in the Quadripartite Agreement.

The Mediterranean Area

8. *Ministers reviewed developments in the Mediterranean area since their last meeting. They welcomed the end of hostilities in the Lebanon and expressed the hope that there would be continued progress towards stability and reconstruction in that country. They considered, nonetheless, that the continuing instability in the Middle East still gave cause for serious concern and could have dangerous consequences. They underlined the urgency of continuing efforts designed to achieve an overall settlement resulting in a just and durable peace in the Middle East.*

Ministers took note of the report on the situation in the Mediterranean prepared on their instructions. They emphasised the need to preserve the balance of forces throughout the Mediterranean area. They requested the Council in permanent session to continue its consultations on this question and report to them again at their next meeting.

In this context Ministers reaffirmed their view that the coming into operation of defence co-operation agreements between allied countries will strengthen the allied defences in the Mediterranean.

The Ministers voiced their satisfaction on the agreement between Greece and Turkey on the procedure to be followed for the delimitation of the continental shelf and expressed their hope for the successful solution of this issue and the Aegean air space matters.

Standardisation

9. *In the context of improving the military capability of the Alliance and making more effective use of available resources Ministers discussed various aspects of standardisation and interoperability of equipment and procedures. They approved the second report by the Ad Hoc Committee on Equipment Interoperability and agreed to take a number of actions, particularly in respect to tactical area communications, rearming of tactical aircraft and the implementation of NATO standardisation agreements. They authorised the committee to continue its efforts for the time being both in specific areas and in the elaboration of procedures for ensuring the interoperability of future equipment. They also noted the progress in standardisation achieved by the Conference of National Armaments Directors in promoting co-operation among member nations in selected equipment areas.*

Committee on the Challenges of Modern Society

10. *Ministers took note of the progress achieved by the Committee on the Challenges of Modern Society (CCMS), and its contribution to effective international co-operation in dealing with environmental problems confronting our societies. They took note of the completion of the pilot studies on advanced health care and urban transportation, and of the committee's continuing emphasis on implementation by member countries of action resolutions. Ministers noted and endorsed the initiation of two new pilot studies, one to assist in world-wide efforts to clean the marine environment and the other to permit environmentally acceptable utilisation of high-sulphur coal and oil. Ministers noted too that the committee's discussions focused attention on global issues such as the effect of fluoro-carbons on the stratosphere and long-range transport of air pollutants.*

11. *Ministers recognised that the basic problems in East-West relations were unlikely to be resolved quickly and that the Alliance must respond with a long-term effort commensurate to the challenges confronting it. The allies could rely not only on their material resources, but also on the creative power demonstrated in all fields by their free and democratic societies. Ministers were confident that, with the mutual support and solidarity provided by the Alliance, their governments and peoples would be able to overcome the problems which faced them.*

12. *The next Ministerial session of the North Atlantic Council will be held in London on 10 and 11 May 1977.*

DEFENCE PLANNING

The NATO Defence Planning Committee met in ministerial session on 7 and 8 December.

The ministers reviewed a broad range of subjects relating to the state of security in the Alliance in the light of developments which had occurred since their last meeting, and reaffirmed the close relationship between the Alliance's twin objectives of maintaining an effective defensive and deterrent posture and of seeking a relaxation of tensions between East and West. It was stressed that NATO's military requirements, given the defensive character of the Alliance, remained directly related to the reality of the military threat posed by the Warsaw Pact. In this regard the ministers expressed their serious concern at the relentless growth in the strength of the Warsaw Pact forces. The current introduction of a range of improvements in both conventional capability and nuclear capability, 'already far in excess of a level required for self-defence', was noted. This had been made possible by significant annual increases in military spending on the part of the Warsaw Pact. The Soviet Union, for example, was currently estimated to be spending about 13 per cent of its GNP for military purposes, a level very much higher than obtained generally in NATO.

Against this background of a continuing build-up of Warsaw Pact military strength in Europe, the ministers reviewed the national force contributions to the defence of the Alliance for the current year and the extent to which national plans for the period up to 1981 would permit progress to be made towards the achievement in full of the force goals adopted by ministers in the spring of 1976 (see p 279, 1976). They approved the NATO force plan for the period 1977-81, and concluded that the improvements in NATO forces were significant, but that there was a need for all of the allies to undertake further measures if the Alliance was to reverse effectively the adverse trends in the NATO-Warsaw Pact conventional military balance. It was therefore agreed to review defence contributions to the Alliance, with the aim of identifying further specific force improvements and commitments which could be introduced into national force plans to be submitted to NATO in 1977. The ministers recognised that the achievement of these objectives would call for real annual increases in defence expenditure by allied Governments and that increased emphasis should be placed in defence budgets on allocations to major re-equipment and modernisation programmes.

The ministers acknowledged the continuing needs of Portugal and Turkey for external assistance to improve their force contributions to the Alliance and confirmed their view of the importance of the early implementation of defence co-operation agreements relating to the South-Eastern flank. The United States Secretary of Defence reported on the steps being taken to implement the United States-Spanish Treaty of Friendship and Co-operation (see p 280, 1976, footnote 1) and how these affected the United States' role in Europe. The ministers reaffirmed the importance of a NATO Airborne Early Warning Force and agreed to the need for an urgent decision on its realisation. Consequently, at the suggestion of the British Defence Secretary, it was decided to call a meeting of high-level national experts in early January in order to examine the financial aspects of the programme, and shortly thereafter to hold a meeting of defence ministers 'to come to decisions for endorsement through national processes'.

The ministers re-emphasised the need to make the optimum use of available resources through co-operative efforts including further rationalisation measures, and expressed their appreciation at the steady progress being made in such areas as common tactical doctrines, the establishment of NATO training projects and schools, the improvement of the Alliance's crisis management arrangements, the rationalisation of communications networks and the efforts being made to extend co-operation in logistics. They reaffirmed that the common infrastructure programme remained one of NATO's most effective co-operative defence efforts and recognised the importance of meeting the request of the NATO military authorities for an increase in the ceiling for the current five-year programme (1975-79). The ministers examined several reports relating to standardisation and interoperability, discussed the need to develop further the transatlantic dialogue on defence procurement issues, and invited permanent representatives to consider what actions were needed to facilitate the wider and more systematic adoption of current armaments programmes.

EUROGROUP MEETING

The defence ministers of the ten Eurogroup countries[1] met in Brussels on 6 December 1976. They agreed to increase their efforts to obtain a common Western European position on arms standardisation for the benefit of the 15-nation Alliance as a whole. They expressed the view that Alliance collaboration should be improved by reducing the present imbalance whereby European purchases of American arms exceed American purchases of European arms by a ratio of ten to one. Consequently they reaffirmed their support for the independent European Programme Group (EPG),[2] and expressed their appreciation of the useful technical work begun by the group in preparation for the proposed talks with the United States.

As part of the Eurogroup's continuing work in increasing the European contribution to the common defence of the Alliance, ministers agreed on major defence improvements for 1977. It was stated that in 1976 member nations had spent $5,000 million more than in 1975. In 1977 new equipment to be introduced would include 288 main battle tanks, 1,371 other armoured vehicles, 439 anti-armour missile systems and 5,900 hand-held rocket launchers. There would also be improvements in air and naval power including 63 additional combat aircraft, six destroyers and eight mine-layers. In addition ten destroyers would be fitted with new surface-to-surface missile systems, 74 maritime aircraft would be equipped with new torpedo systems and 570 armoured vehicles would be fitted with improved armour.

The ministers also considered reports from the Eurogroup sub-groups[3] and examined and agreed on a number of proposals for future work. They received a report from Eurotraining on the progress being made on common training including the helicopter controller project which is due to start in Britain in January 1977 and facilities for the joint training of jet pilots. Ministers also agreed that Eurocom should continue with its work on improving the interoperability of their national communications systems. They approved plans for Euromed to seek steps towards obtaining more integrated military medical services. On the subject of logistic co-operation they instructed Eurolog to proceed with its monitoring of logistic support for new weapon and equipment projects.

[1] Belgium, Britain, Denmark, Federal Republic of Germany, Greece, Italy, Luxembourg, Netherlands, Norway, and Turkey; for the first time Portugal also attended the meeting.

[2] The ten Eurogroup nations and France (see p 279, 1976, footnote 2).

[3] The sub-groups currently in existence are Eurocom (battlefield communications), Eurolog (logistic co-operation), Eurolongterm (long term planning), Euromed (medical services), Euronad (equipment collaboration), Eurostructure (force structures) and Eurotraining (co-operative training).

Anglo-Polish Relations

VISIT OF POLISH PRIME MINISTER

Mr Piotr Jaroszewicz, Chairman of the Council of Ministers of the Polish People's Republic, paid an official visit to Britain from 15 to 17 December 1976. Mr Jaroszewicz, who was accompanied by the Minister for Foreign Trade, Mr Olszewski, the Minister of the Chemical Industry, Mr Konopacki, the Deputy Chairman of the State Planning Commission, Mr Olesik, and other ministers, is the first Polish Prime Minister to pay such a visit to Britain. During the course of his visit Mr Jaroszewicz held two sessions of talks with the Prime Minister, Mr James Callaghan, laid wreaths at the Grave of the Unknown Warrior in Westminster Abbey and at the Polish Airmen's Memorial at Northolt, and attended a meeting with a group of British industrialists to discuss existing trade relations between British and Polish industry and prospects for their future expansion. Bilateral discussions also took place between the ministers attending the talks, and at the end of the visit a joint communiqué was issued.

In the communiqué both sides stressed their satisfaction at the steady growth of co-operation between the two countries, and resolved to use to the full all opportunities to build on the tradition of friendship and fruitful contacts between their two nations. The two Prime Ministers noted with satisfaction that relations between Poland and Britain had in recent years expanded and developed in many fields, and that contacts had increased between institutions and organisations in the two countries, and between their citizens for both personal and professional reasons.

Economic Relations

Both sides welcomed the growth in trade between their two countries, and noted that the total value of bilateral trade had more than doubled between 1971 and 1975[1] and had continued to increase in the past year. The two Prime Ministers signed a Five-Year Agreement on Economic Co-operation, and expressed the opinion that there remained substantial scope for a further increase of trade over the next five-year period on the basis of harmonious and balanced development. In particular they agreed that a new area of economic co-operation should be initiated between the two countries in the field of shipbuilding. They agreed on the establishment of a joint United Kingdom/Polish company which would build, in British yards, in co-operation with the Polish shipbuilding industry, up to 22 bulk carriers to be managed by the Polish side of the partnership which would own them in due course. The necessary financial arrangements for the establishment and running of the joint enterprise would be made by the British side.

The two Prime Ministers also envisaged a further expansion of co-operation, particularly in the engineering and chemical sectors, and the extension of co-operation into new sectors, in particular metallurgy, agricultural machinery, food processing, aircraft construction and mining equipment. They agreed that co-operation between the commercial enterprises of both countries in third countries also presented promising opportunities.

International Issues

The two Prime Ministers exchanged views on current international issues, in particular on the situation in Europe. They reaffirmed their commitment to *détente* as an indivisible process, and confirmed the desire of both their Governments to strengthen that process and to give *détente* a lasting and comprehensive character. Both sides noted the contribution that had been made by the Conference on Security and Co-operation in Europe (CSCE) towards establishing relations of mutual confidence between the participating states, and stressed the determination of their Governments fully to implement all the provisions of the Helsinki Final Act (see pp 305-12, 1975). The importance of the role of the Economic Commission for Europe in the implementation of the economic provisions of the Final Act was noted, and both Prime Ministers resolved that their Governments should maintain close contact on CSCE matters in the period leading up to the Review Conference due to be held in Belgrade in 1977.

The two Prime Ministers also exchanged views on other international questions of interest to both sides and stressed the importance which they attached to the continuation of the political dialogue between their two Governments.

During the visit, in addition to the Five-Year Agreement on Economic Co-operation, a Convention on the Avoidance of Double Taxation, a Protocol amending the 1967 Consular Convention between the two countries, a trade protocol and a number of commercial agreements and contracts were signed.

[1] British exports to Poland have risen from £75·4 million in 1972 to £182·2 million in 1975. The balance of trade in Britain's favour was £67·9 million in 1975.

Shorter Notes

THE GILBERT ISLANDS

The introduction of internal self-government in the Gilbert Islands, agreed upon at a conference held in London on 14 July 1976 (see p 324, 1976), came into effect on 1 January. Under the provisions of the internal self-government constitution, which is an amended version of the previous one, the Chief Minister assumes most of the Governor's parliamentary functions while the Governor retains his constitutional position and reserved powers. The composition of the House of Assembly and the Council of Ministers remains unchanged. Full independence is expected to follow in 1978. The Governor of the Gilbert Islands is Mr John Smith; the Chief Minister, The Honourable Naboua Ratieta.

ECONOMIC AND SCIENTIFIC AFFAIRS

Economic Measures

Mr Denis Healey, Chancellor of the Exchequer, announced in the House of Commons on 15 December 1976 (*Hansard*, cols 1525-49) further measures to promote Britain's economic recovery and to achieve the fastest possible return to a high and sustainable level of employment. He said that in order to avoid excessive strains in the forthcoming year, when the economy would still be operating well below capacity, the measures would cover the next two years. They would form part of a medium-term programme for national recovery, to ensure that the 1980s offered the prospect of an economy fully restored to balance with high levels of output, employment and real wages, and an industry which was vigorous, expanding and profitable. Further elements in this programme would be contained in his next Budget and in the next phase of the industrial strategy. The Chancellor then went on to talk about Britain's application to the International Monetary Fund (IMF) for a stand-by arrangement and about the Government's concern to achieve a satisfactory arrangement for the sterling balances. He also gave an outline of Britain's economic prospects following the measures he had announced.

Public Sector Borrowing Requirement

Mr Healey said that the latest forecast, prepared before the measures, showed a Public Sector Borrowing Requirement (PSBR) of £10,500 million in 1977-78 and £11,500 million in 1978-79. These figures were unacceptably high and the immediate objective of the measures was to reduce the PSBR to about £8,700 million in 1977-78 and to somewhat less in the following year – about £8,600 million on present forecasts. The reduction in the PSBR would thus be nearly £2,000 million in 1977-78 and nearly £3,000 million in 1978-79. Expressed as a percentage of gross domestic product the PSBR would fall steadily from 9 per cent in the current year to about 6 per cent in 1977-78 and rather over 5 per cent in 1978-79. To achieve these objectives, the Government was proposing adjustments to current plans amounting to £1,500 million in 1977-78 and £2,000 million in 1978-79. The Chancellor said that he would, therefore, announce specific measures which would amount to some £1,500 million in each year and in addition the Government would make a further fiscal adjustment of about £500 million in 1978-79. It was too soon to say what form this further adjustment would take. Since it was impossible to forecast with any confidence what would be the condition of the economy in 1978-79, he continued, the extent to which further fiscal adjustment might be needed could not yet be decided. However, if the forecasts at the time showed the economy growing from the beginning of 1978 to the end of 1979 at a rate of more than 3·5 per cent a year, the Government intended to make a further fiscal adjustment in the 1978 Budget of between £500 million and £1,000 million, depending upon the buoyancy of demand and the state of the world economy at the time. This would ensure that with those higher growth rates domestic conditions did not prevent the necessary priority being given to exports and investment.

Public Expenditure

Mr Healey said that the adjustment in both years would come mainly from savings in public expenditure rather than increases in taxation. This, he said, was for two reasons. First, although the level of Britain's public expenditure, as a proportion of gross domestic product, was no higher than in some other industrialised countries, in recent years, it had grown more rapidly than Britain's industrial output, and that industrial output itself was relatively low. Secondly, and perhaps not unconnected with the low level of industrial output, people at work were already highly taxed on their incomes, and faced a further drop in their living standards in the coming year. The Chancellor said that he did not believe it would be right to burden them with the greater part of the fiscal adjustment which was now necessary. In addition inadequate financial incentives to work and to invest could put Britain's economic recovery at risk. Savings in public expenditure had, therefore, to produce by far the greater part of the adjustment needed.

Mr Healey said that the public expenditure White Paper, which was published in February 1976 (see pp 110-13, 1976), set the Government's medium-term strategy for public expenditure. In accordance with this strategy the Government was holding expenditure in the current financial year within the planned level by the rigorous application of cash limits (see pp 209-10, 1976), by new arrangements for regular consultation with local authorities, and by refusing to accept new commitments which would breach the contingency reserve. In carrying out the 1976 Public Expenditure Survey, the Government had already made certain adjustments so as to keep within the February White Paper plan for each year, as modified by the measures the Chan-

cellor had announced in July (see pp 325-8, 1976).

Mr Healey went on to describe the measures the Government was taking in order to achieve the new PSBR target. Public expenditure programmes would be reduced further by £1,000 million in 1977-78 and by £1,500 million in 1978-79 at 1976 survey prices. The Government had avoided 'mechanical cuts across the board' and had not reduced the main social security benefits, although it was concerned about the narrowing gap between them and the income of those who worked. The cuts would, therefore, fall elsewhere.

The Civil Service

In addition to the economies already announced (see pp 112-13, 1976) the Government intended to obtain further economies in Civil Service costs of some £30 million in 1977-78 and £10 million in 1978-79.

Local Authority Current Expenditure

Local authority current expenditure was now more strictly influenced by the central Government through the recent reduction of the main rate support grant for England and Wales from 65·5 per cent to 61 per cent in 1977-78 and the corresponding reduction for Scotland. The Government was not reopening these settlements.

Capital Expenditure and Construction

There would, however, be a reduction in housing capital programmes which would offset most of the likely excess of spending on housing in 1977-78 and would contribute a saving of £300 million in the following year.

New construction would be suspended or curtailed in several other central and local government programmes, including roads, other environmental services, school building, Government accommodation and capital spending by the water authorities. This would save about £270 million in the next financial year and over £300 million in 1978-79.

Community Land Act

Borrowing approvals would be reduced to achieve a slower build up of land acquisitions under the Community Land Act (see pp 181-3, 1975 and 42, 1976), producing savings of £35 million in each year.

Food Subsidies

The planned programme for phasing out the Government's food subsidies would be accelerated and would be completed in 1977-78, saving £160 million in that year and about £60 million in the following year. This would add less than 0·25 per cent to the retail price index over 1977-78.

Education

Besides the reductions in school building, the programme for current expenditure on education would be reduced by economies in the administration of school meals, by deferring the operation of section 9 of the Education Act 1976 dealing with school milk (see p 483, 1976), and by other minor savings, making a total of £20 million in 1977-78 and £30 million in 1978-79.

Nationalised Industries

Under the new treatment of the nationalised industries (see p 471, 1976), the Government in future would be including in public expenditure only Government finance for these industries rather than their investment programmes as such. The Government intended to reach agreement with the nationalised industries on action which would reduce the level of Government finance by £110 million and £130 million in the next two financial years. As well as economies in spending there would also be increases in revenue, notably a gas price increase which the Government was asking the British Gas Corporation to effect from April 1977.

Regional Employment Premium

The Government wanted to move progressively towards a more selective approach for assistance to industry, Mr Healey recalled having stated in July (see p 326, 1976). It was now doubtful whether the Regional Employment Premium still fulfilled the original purpose of attracting employment to the regions. The Government, therefore, believed that the premium should now give way to more selective measures and it would be withdrawn early in 1977, saving £150 million in 1977-78 and £170 million in 1978-79.

Defence

Despite the large cuts which the Government had already made in defence expenditure (see pp 148 and 327, 1976), the necessary reductions in public expenditure and the PSBR could not be achieved without a contribution from the defence budget. Savings of £100 million in 1977-78 and £200 million in 1978-79 would be made in defence.

Overseas Aid

There would be reductions in the provision for overseas aid which until now had been almost entirely protected from expenditure savings. The Government had taken this decision with great reluctance. The savings would be £50 million at 1976 survey prices in each of the next two financial years.

Export Credit

The refinancing by the Government of fixed rate credit for exports and shipbuilding imposed a major charge on public expenditure and the PSBR which threatened to exceed previous forecasts. Partly to deal with this the Chancellor had asked the clearing banks to finance from their own resources an additional £100 million of fixed rate sterling business in each of the next two years. He welcomed the banks' agreement to do this. The Government believed that by funding medium- and long-term export credit in foreign currency instead of in sterling it could reduce the burden which export credit imposed on public expenditure, the PSBR and the balance of payments. The Government was, therefore, taking steps to encourage the use of foreign currency financing and to control the rate at which new offers of fixed rate sterling finance would be approved by the Export Credits Guarantee Department. All these measures would reduce expenditure on refinancing and together produce a net saving of £100 million in 1977-78 and £200 million in 1978-79.

However, the Government was aware of the concern of industry about the future of the cost escalation scheme, which was due to end in March 1977. The Government now proposed that it should be continued for a further year.

Measures to Help Employment and Investment

The Government had decided to add to expenditure in two areas which it believed should have the highest priority – incentives to promote industrial investment and expansion, and measures to reduce unemployment. There would be an increase in the resources of the National Enterprise Board (see pp 486-7, 1975) and the Scottish and Welsh Development Agencies (see pp 106-7, 1975). A new selective investment scheme would be introduced to follow up the successful accelerated projects scheme.[1] It would give help to manufacturing companies for major projects, designed to improve capacity and performance. In the first instance £100 million would be allocated to this scheme. The money would be spent over a period of years; the rate at which it was spent would depend on how many good projects came forward for support. Further money would be made available for additional sectoral schemes in support of the industrial strategy and for other measures to help industry. For these measures, taken together, £80 million had been allocated in each of the next two years.

There would be an increase of £120 million in 1977-78 in spending on measures to reduce unemployment. New applications for the temporary employment subsidy (see pp 320-1, 1975 and 29, 1976) would close at the end of December 1976, and for the job creation programme shortly after (see pp 409, 1975 and 28, 1976). The Government had decided to extend these two schemes to the end of April 1977 and then to review their future along with the other new schemes which the Government had recently introduced. This additional expenditure would more than offset the impact on unemployment next year of the other measures which the Chancellor had announced; the net effect of the whole package would be to reduce unemployment during 1977.

Indirect Taxation

To finance the additional expenditure on investment and employment Mr Healey said that he had looked for some contribution from the specific revenue duties which were fixed in money terms and which were, therefore, continually eroded by inflation. He had decided to use his regulator powers[2] to increase by 10 per cent all the revenue duties charged on tobacco and alcoholic drinks. The increases would come into force on customs duties on imported tobacco on 16 December and on tobacco products and drinks on 1 January 1977. If fully passed on, these duty increases, taking into account consequential increases in VAT, would add rather over 0·5 per cent to the retail price index. The additional revenue raised would be £50 million in the remainder of this financial year and £280 million in 1977-78. The Chancellor believed that the British people would accept that these additional increases in the cost of less essential goods were fully justified, particularly when the proceeds were intended to create more jobs and more investment.

Sale of BP Shares

The Chancellor said that as a further step the Government proposed to take to reduce PSBR in 1977-78, it intended to sell shares in the British Petroleum Company (BP). Two years ago the Government had rescued the Burmah Oil Company from severe financial difficulties (see p 27, 1975) and as part of the package of support the Bank of England had bought Burmah Oil's holding of shares in BP. The Government now proposed that the Bank of England should sell enough of Burmah Oil's former shareholding in BP to leave the total of the Government's and the Bank's holding at 51 per cent as against the 48 per cent held by the Government before the acquisition of Burmah Oil's BP shares. However, these shares were currently the subject of a legal claim by Burmah Oil against the Bank of England. Mr Healey said that the Government was advised that this claim was without merit, but so long as it was being pursued it might prove an impediment to a successful sale. If this impediment were not removed the Government would sell an appropriate number of its own BP shares and in due course would make good its holding by securing the transfer to the Treasury of an equivalent amount of the BP stock acquired from Burmah Oil and now held by the Bank of England.

Incomes Policy

A central objective of Government policy was to continue the attack on inflation, Mr Healey said. To maintain a continued fall in inflation through to 1978 agreement was needed between the Trades Union Congress (TUC) and the Government on how to pursue the attack on inflation while promoting greater flexibility in pay negotiations in the period after July 1977. The Chancellor hoped it would be possible for agreement to be reached on this in time for him to take account of the outcome in settling the level of income tax in the next Budget. If, by the time he settled the Budget for 1977-78 he judged that, without increasing the PSBR above £8,700 million, there was scope for tax reliefs and, if as he expected, a satisfactory agreement had been reached with the TUC and the Confederation of British Industry on the next pay round, then he proposed to use the available margin to reduce the present burden of income tax, which he believed to be too heavy. In this context there were also important questions which he would want to consider with the TUC and other interested bodies concerning the inter-relationships between changes in earnings, social security benefits, pensions and rates of direct and indirect taxation.

[1] The accelerated projects scheme, introduced in April 1975 and closed to applications on 31 July 1976, was intended to induce companies to bring forward investment projects which would not otherwise have taken place in the recession. Assistance of just under £85 million has been offered towards 121 projects which will induce total capital investment of about £641 million. Benefits to the balance of payments are estimated to reach about £475 million a year by 1980 and the total investment generated will create about 11,500 jobs.

[2] By which he can vary the rates of certain indirect taxes within limits between Finance Acts.

Taxation of Overseas Earnings

There was one aspect of taxation which Mr Healey said he intended to start considering at once. He believed it was important to find ways of improving the taxation treatment of employees who lived in Britain, but who worked abroad on increasing its exports. The people he wanted to encourage were those in the business of selling British goods overseas as well as those who contributed to Britain's overseas earnings by working for a period overseas, for example, in construction projects. He had, therefore, asked the Inland Revenue to issue a consultative paper which would outline proposals to give to anyone who worked for a period abroad the reliefs which were at present allowed only to those with separate jobs abroad. The proposals would also modify the rules governing the allowance of expenses incurred abroad. The Inland Revenue had been authorised to seek the views of interested bodies with a view to legislation in next year's Finance Bill.

Domestic Monetary Effects

The Chancellor considered that the targets which the Government had set for the PSBR (see p 22) would create the monetary conditions which would encourage investment and growth and which would help to control inflation. The Government was expressing the essential monetary targets in terms of Domestic Credit Expansion (DCE)[1] rather than money supply since it had agreed with the IMF that this would be more appropriate than a target for M3,[2] during a period when the Government would be giving top priority to putting Britain's balance of payments right. DCE would be kept at £9,000 million in the year up to 20 April 1977 and £7,700 million in the year ending 19 April 1978, and the Chancellor expected a further reduction in the following year to £6,000 million. The growth of M3 which would accompany DCE at these rates would depend on a number of factors, especially progress in the balance of payments. For 1976-77 the growth of sterling M3[3] was likely to be between 9 and 13 per cent. It was too early to give an estimate for 1977-78. However, the target would now be in terms of DCE, not M3.

In the Chancellor's view these DCE targets should provide sufficient room for industry's essential needs because the public sector would be making a smaller demand on savings in the next two years. The targets would be reviewed after six months to ensure that this was so. Mr Healey hoped that the IMF agreement (see below) and the measures which he had announced would enable interest rates to fall from their present exceptional levels, while keeping control of the monetary aggregates. This reduction in interest rates might be slow at first, but should move faster as the balance of payments and the rate of inflation both improved. However, the existing range of credit controls would be needed for the present, perhaps with technical adjustments to special deposits arising from success with gilt sales.

Summary

In summary, the Chancellor said that the Government's measures amounted to a total fiscal adjustment of £1,500 million in 1977-78 and £2,000 million in 1978-79. In addition the PSBR would benefit from the reduced cost of debt interest resulting not only from the lower borrowing requirement, but also from the lower level of interest rates which he said he was confident that these measures would help to achieve.

International Monetary Fund

Mr Healey said that Dr Witteveen, the Managing Director of the IMF, had told him that he supported both the Government's economic strategy and the measures the Government was taking, and was prepared to recommend acceptance of Britain's request for the stand-by arrangement (see p 392, 1976), to the Executive Directors of the IMF.[1] Before the IMF Board met, there would be a meeting of the Group of Ten countries[2] who stood ready under the General Arrangements to Borrow, to provide the IMF with the usable currencies it needed for large drawings if its own available currencies were inadequate. Mr Healey said he was confident that in a matter of days after the end of the year, the operation would be complete and the reserves replenished. The stand-by arrangements covered a two-year period, so that Britain could make the necessary adjustment without imposing unacceptable strains on the social contract and the industrial strategy. In total, Britain would be able to draw up to nearly $4,000 million, of which $1,150 million would be available immediately, and over $1,000 million more before the end of 1977. This, the Chancellor was confident, would transform the external financing position in 1977.

Sterling Balances

The Government had been concerned to remove the pressures exerted on the sterling exchange rate by the overhang of the sterling balances. Considerable work had already been done on this problem in the Bank for International Settlements in Basle, where central bank governors had had constructive discussions recently. At the same time, the matter was also under discussion with the Treasury and the Federal Reserve in Washington. These talks had revealed a general desire on the part of those concerned to achieve a satisfactory arrangement for the

[1] The concept of DCE can be defined as: (a) the change in domestic non-bank holdings of notes and coin, plus (b) all lending in sterling by British banks to the public, private and overseas sectors, plus (c) overseas lending to the public sector and bank lending to the public sector in foreign currencies.

[2] M3 is the broader definition of money supply used in Britain and includes, in addition to domestic non-bank holdings of notes and coin, the total of British residents' bank deposits with British banks whether denominated in sterling or foreign currencies.

[3] Greater official emphasis will be placed in future on the sterling component of M3 because available evidence suggests that about three-quarters of the foreign currency deposits included in M3 have little connection with changes in British residents' spending power or in the demand for British resources.

[1] In his letter to the IMF on 15 December, the Chancellor formally requested a stand-by arrangement under which for a period of two years the British Government would have the right to purchase currencies of other members in exchange for sterling up to an amount equivalent to 3,360 million special drawing rights (SDRs, see p 268, 1974). The executive board of directors of the IMF approved the application for the stand-by arrangement on 3 January 1977.

[2] Apart from Britain the Group of Ten includes Belgium, Canada, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, Sweden and the United States.

sterling balances, and the Chancellor said he believed it would be possible to reach an agreement before long.[1]

He also announced that during the period ahead and in anticipation of further drawings under the agreement with the IMF which would take place later in the year, he intended to strengthen the reserves with $500 million which had been offered by the United States Treasury and the Federal Reserve in the form of swaps. In addition the Bundesbank of the Federal Republic of Germany had offered the Bank of England a stand-by facility of $350 million by way of further support. The endorsement of Britain's policies by the IMF and the members of the General Arrangements to Borrow would relieve the pressures on sterling, which had damaged Britain's economic prospects in the last 12 months, while the prospective arrangement for the sterling balances would help to reduce the risk of such pressures in future years. This should do much to restore the confidence on which all aspects of Britain's economic performance critically depended, Mr Healey said.

Economic Prospects

The Chancellor announced that the Government was releasing that day the first economic forecast published under the provisions of the Industry Act 1975 (see p 487, 1975) and this would give a picture of the economic prospects following the measures he had announced. He said that over the next 12 months he expected a growth in total output of about 2 per cent, though this might be higher if Britain's export performance improved further. The 2 per cent increase in growth would include an increase of 5·5 per cent in manufacturing production and 19·5 per cent in manufacturing investment. He did not see a prospect of a fall in unemployment and indeed feared that there was likely to be some further rise, but a smaller rise than would have been likely without the adjustments he had announced. If unemployment did rise this would be the consequence, not of the measures which, in sum, would increase employment next year, but to some extent of the lower growth now expected all over the world. The current account deficit, which had totalled £1,700 million in the first 11 months of 1976, was likely to fall in 1977 and there was hope of reaching a substantial surplus in 1978-79, perhaps as high as £2,000 million to £3,000 million. Given continuing moderation in the increase in wage costs, the rate of price inflation should start to fall again next summer. The Chancellor said that the measures he had announced would add less than 1 per cent to the retail price index in 1977. Next year would be a difficult year of transition, but he believed that the policy he had announced, reinforced by the next Budget and further progress in the industrial strategy, would ensure that it was a transition to a much more firmly based prosperity. Part of this prosperity would be due to the development of North Sea oil production, but Britain's economic strength would depend critically on the use which was made of the benefit this brought. It must be used not only to resume the growth in the living standards but also, and in the long run this was more important, to rebuild the capital base of manufacturing industry. The Chancellor said he believed that the late 1970s and early 1980s should be a period when a steady increase of output, employment and living standards was combined with the repayment of Britain's external debt, and that Britain would have an economy more healthy and efficient than had been seen at any time since 1945.

[1] Mr Healey announced in the House of Commons on 11 January (*Hansard*, cols 1260-1) that a broad agreement had been reached on the setting up of a $3,000 million facility for the official sterling balances. The purpose of the agreement was to achieve greater international monetary stability and an orderly reduction in the role of sterling as a reserve currency. Details of the agreement will be covered in a future issue of *Survey of Current Affairs*.

Industrial Stoppages 1971-73

In each of the three years 1971-73 (see Table 1) – which were chosen for special study as years of relatively high strike activity – an average of 98 per cent of manufacturing plants in Great Britain were free of strikes, while 95 per cent of manufacturing plants were free of strikes over the whole three-year period (see Table 2), according to research carried out by the Department of Employment and reported in an article in the November 1976 issue of the *Department of Employment Gazette* (HMSO, 90p, ISBN 0 11 724481 3). Table 1 also shows that some 81 per cent of employees in manufacturing industry in this period were working in strike-free plants. This is lower than the proportion of stoppage-free plants because small plants are less affected; but the figure is an understatement of the actual proportion of workers not involved in stoppages, since many of those who work in affected establishments are not involved in the stoppage or laid off in consequence.

Table 2 shows that even of the 5 per cent of manufacturing plants where strikes did occur two-thirds had only one strike and only a very small minority (about 2 per cent) had a large number of strikes. Of the manufacturing plants affected by strikes, a small minority, 5 per cent (that is some 150 plants in all), accounted for about a quarter of stoppages and two-thirds of working days lost in manufacturing. Thus in the manufacturing sector, Great Britain does not suffer from a problem of widespread industrial stoppages, but rather from a concentration of stoppages in a relatively small number of establishments.

Analyses given in the February 1976 issue of the *Gazette* (see pp 115-16, 1976) showed that outside manufacturing industry, stoppages are heavily concentrated in coal mining and port and inland water transport. Great Britain, therefore, apparently suffers from a concentration of stoppages in the docks, in coal mining and in a small proportion (between 2 and 5 per cent) of plants in manufacturing industry.

Table 1

Proportion of Establishments and of Employment in Establishments That Were Not Affected by Stoppages in Any One Year

(Manufacturing industry) (1971–73) (Great Britain)

	1971	1972	1973	Annual average 1971–73
Percentage of establishments not affected by stoppages	98·1	97·5	97·7	97·8
Percentage of total employment in unaffected establishments employing				
11– 24 employees	99·9	99·8	99·9	99·8
25– 99 employees	99·0	98·9	98·9	98·9
100–199 employees	97·3	96·3	96·7	96·7
200–499 employees	94·8	92·0	92·5	93·1
500–999 employees	86·5	82·1	82·4	83·7
1,000 or more employees	59·7	54·1	54·4	56·1
Percentage of total employment in all unaffected establishments	83·1	80·0	80·3	81·1

Table 2

Proportion of Establishments Experiencing Stoppages Over the Period 1971–73

(Manufacturing industry) (1971–73) (Great Britain)

Establishments	Percentage of establishments	Percentage of stoppages over 1971–73
Free of stoppages over 1971–73	94·9	—
With 1 stoppage	3·5	37·9
With 2 stoppages	0·9	18·6
With 3 to 6 stoppages	0·6	25·8
With 7 or more stoppages	0·1	17·7
	100·0	100·0

Analysis by Industry

The article shows that in virtually all industries, including the worst affected, a majority of plants did not have one strike throughout the whole of the three-year period. For example, in the car industry, where strikes attract a great deal of publicity, it was found that in each year on average over 90 per cent of car manufacturing plants did not have strikes.

Analysis by Region

Other detailed tables in the *Gazette* article show that although there are regional differences in strike activity, in every region, even the worst affected, strike activity was concentrated in a small minority of plants; there was, furthermore, no evidence of a 'spread' of strike activity from one plant to another across individual regions.

International Comparisons of Taxes and Social Security Contributions

Britain's position in an international comparison of taxes and social security contributions is given in an article in the November 1976 issue of *Economic Trends* (HMSO, £1·45, ISBN 0 11 723967 4).[1] The article is the latest in a series presenting comparisons of the level and sources of taxation in 13 industrial countries within the Organisation for

[1] The article also contains a table comparing subsidies.

Economic Co-operation and Development and covers the years 1969 to 1974 – the latest year for which international comparisons can be made (1975 figures are available for Britain).

Figures for some countries were calculated according to the United Nations' new system of national accounts (SNA), but many countries were still only able to provide figures on the basis of the previous system (the former SNA). The figures on one basis are not strictly comparable with those on the other. The figures for Britain are given on both bases. Adjustments are made to British 'Blue Book' figures to conform with the conventions of either the former or the new SNA. The article gives the main differences between the three systems. It points out that differences between countries, both in total taxation and forms of taxation, can be affected by differing economic and financial structures. Thus the economic effects of a given level of taxation will depend on the nature of public expenditure, particularly as between direct expenditure on goods and services on the one hand and grants and subsidies on the other. The figures can, therefore, be regarded as providing only a broad indication of the relative weight of taxation in the countries under consideration.

In 1974 taxes and social security contributions in Britain were equal to nearly 39 per cent of the gross national product at factor cost (see Table 1). Of the seven countries other than Britain that made returns under the new system of national accounts, six had percentages higher than Britain's in 1974 – Denmark, Norway, the Netherlands, Sweden, France and Canada (figures for the United States were not available). Of the five countries other than Britain that made returns under the former system, three had percentages higher than Britain – Austria, the Federal Republic of Germany and Belgium. Japan had a lower percentage and figures for Italy were not available.

Table 2 shows the composition of taxes and social security contributions in 1974 (the article also gives comparative figures for 1969). Since employers' contributions to social security are akin to a tax on expenditure on wages and salaries, so far as the employer is concerned, they are shown separately in the table. In Britain payment of taxes on income by households (including unincorporated businesses) accounted for nearly 36 per cent of total taxes and social security contributions in 1974; corporations' payments of taxes on income totalled 8·6 per cent; taxes on expenditure amounted to 38·1 per cent; and social security contributions accounted for the remaining 17·3 per cent. Employers' contributions to social security amounted to 5·7 per cent of total taxes and social security contributions. Among the eight countries submitting returns under the new system of national accounts, Britain was third highest in the proportion of total taxes and social security contributions paid in taxes on income by households; third in the proportion of taxes paid by corporations; third in the proportion paid as taxes on expenditure; and sixth in the proportion paid in the form of social security contributions.

Among the six countries making returns under the former system of national accounts, Britain had the highest proportion of total taxes and social security contributions paid in taxes on income by households; was second highest in the proportion of taxes paid by corporations; second highest in the proportion paid as taxes on expenditure; and lowest in the proportion paid in the form of social security contributions.

Table 1

Taxes, Including Social Security Contributions, as a Percentage of Gross National Product at Factor Cost

Percentages

	1969	1970	1971	1972	1973	1974
Former SNA						
Austria	42·0	42·3	43·4	44·3	44·6	44·9
Belgium	37·6	38·3	39·1	39·1	40·0	41·4
Germany*	40·0	38·5	39·3	40·0	42·4	42·5
Italy	33·1	32·8	33·6	33·2	32·3	—
Japan	20·6	21·3	21·6	21·6	22·4	24·6
United Kingdom	40·8	41·8	39·4	37·2	35·7	38·0
New SNA						
Canada	36·0	36·5	36·8	37·2	36·9	39·7
Denmark	41·8	47·6	51·6	51·8	52·2	53·4
France	—	41·3	40·7	40·8	41·1	41·1
Netherlands	42·8	44·1	46·5	47·6	49·5	50·6
Norway	45·9	47·5	51·5	53·9	55·0	52·9
Sweden	44·4	45·7	49·2	50·3	48·6	49·1
United Kingdom	41·3	42·5	39·9	37·7	36·3	38·7
United States	32·8	31·4	30·7	31·8	32·0	—

*Federal Republic of Germany and West Berlin.

Table 2

Sources of Taxes, Including Social Security Contributions, in 1974

Percentages

	Taxes on income		Taxes on expenditure	Social security contributions	
	Households*	Corporations		Total	*of which* Paid by employers
As a percentage of total taxes and social security contributions					
Former SNA					
Austria	29·9	4·5	43·0	22·6	—
Belgium	30·1	8·3	30·5	31·0	—
Germany†	30·0	3·9	34·3	31·8	20·2
Italy	18·0‡	4·9‡	36·9‡	40·2	—
Japan	25·2	25·5	30·9	18·5	—
United Kingdom	34·1§	8·5	39·8	17·6	9·8
New SNA					
Canada	33·8	14·2	42·3	9·6	5·9
Denmark	59·2	3·1	35·8	1·9	1·5‡
France	12·3	8·4	40·1	39·3	29·0
Netherlands	28·3	6·7	25·2	39·8	20·3
Norway	—	—	37·7	28·7	—
Sweden	45·6	3·4	31·2	19·8	—
United Kingdom	35·9§	8·6	38·1	17·3	5·7
United States	31·6‡	13·1‡	31·3‡	24·0‡	12·7‡
As a percentage of gross national product at factor cost					
Former SNA					
Austria	13·4	2·0	19·3	10·2	—
Belgium	12·5	3·4	12·6	12·8	—
Germany†	12·7	1·7	14·6	13·5	8·6
Italy	5·8‡	1·6‡	11·9‡	13·0‡	—
Japan	6·2	6·3	7·6	4·5	—
United Kingdom	13·0§	3·2	15·2	6·7	3·7
New SNA					
Canada	13·4	5·6	16·8	3·8	2·3
Denmark	31·6	1·7	19·1	1·0	0·8‡
France	5·0	3·4	16·5	16·1	11·9
Netherlands	14·3	3·4	12·7	20·1	10·3
Norway	—	—	20·0	15·2	—
Sweden	22·4	1·7	15·3	9·7	—
United Kingdom	13·9§	3·3	14·7	6·7	3·7
United States	10·1‡	4·2‡	10·0‡	7·7‡	4·1‡

*Households include unincorporated businesses.
†Federal Republic of Germany and West Berlin.
‡In 1973.
§After deducting tax credits.

Nationalised Industries

The National Economic Development Office (NEDO) published on 18 November 1976 its two-volume report, *A Study of UK Nationalised Industries* (see p 486, 1976). This study of the role of the nationalised industries in the economy and of the way in which they should be controlled in the future had been recommended by the Select Committee on Nationalised Industries in a report on capital investment procedures published in December 1973[1] and the Government in its reply in June 1975 announced that it had asked NEDO to undertake this inquiry. [Although it is publicly financed NEDO is not a Government department or agency and it is not involved in implementing Government decisions.]

[1] *1st Report, Session 1973-74.* HC 65. HMSO, £3·40. ISBN 0 10 206574 8*.

[2] *Capital Investment Procedures.* Cmnd 6106. HMSO, 20p. ISBN 0 10 161060 2.

A study team of NEDO staff and independent advisers, assisted by an Advisory Group, conducted the inquiry, which was confined to nine of the largest nationalised industries – the National Coal Board, British Gas and the electricity industry; the British Steel Corporation; the Post Office; British Rail, the National Freight Corporation, British Airways and the National Bus Company – which together account for nearly 85 per cent of the net output of all public corporations in the United Kingdom. The report itself discusses the nationalised industries' role in the economy and the problems of control, draws conclusions and makes recommendations. The Appendix volume gives in greater detail the background to the study. In addition supporting papers are being published separately: one, *Financial Analysis*, was published in July 1976 (see p 370, 1976); one on output, investment and productivity was published in January 1977[1] and the remainder will appear early in 1977 and will cover relationships of Government and public enterprises in France, the Federal Republic of Germany and Sweden; manpower and pay trends; price behaviour; relationships with other sectors of the economy – the evidence of input-output analysis; and exports and imports. It is also hoped to make available a paper on the impact of Government on technical performance in the UK nationalised energy industries.

The Secretary of State for Industry, Mr Eric Varley, said in a written parliamentary answer on 13 December (*Hansard*, written answers, col 525) that the Government was examining the recommendations in the NEDO report and would be discussing them with the industries and the unions concerned. It would publish its conclusions in a White Paper in 1977.

The NEDO Study

The NEDO study first investigates the role in the economy occupied by the nationalised industries. Together they account for more than one-tenth of the national product and nearly one-fifth of total fixed investment. The four largest employers in the country (after central Government) are nationalised industries. As suppliers they occupy a dominant position in energy, communications, steel and transport. They account for about one-third of all the plant and equipment bought by British industry and for several sectors of industry they are the sole domestic customer. The NEDO report points out that the influence they have on Britain's economic performance is thus substantial and the way in which they use the resources they control is a matter of prime national concern. Small proportionate changes in their investment, output or employment can have a substantial impact, both nationally and regionally.

In the second part of its investigation, the NEDO study team considered the main problems associated with the existing structures and systems of external control of nationalised industries. After briefly describing the historical context, the report analyses the roles and aims of corporations and Government; the determination of strategic policies; corporate plans, investment reviews and monitoring procedures; economic and financial obligations; board structures and methods of board appointment; the effect of interventions by Government; accountability for performance; and communications, attitudes and motivation. The findings of the analysis are summarised and a number of specific recommendations are made about the direction of change which will be required to resolve the problems identified.

The report stresses that the relationship between Government and the nationalised industries is a matter of major significance. It considers that the existing framework of relationships, developed under Governments of both main political parties, is unsatisfactory and in need of radical change. The report points out, in particular, the importance of continuity for any large industrial organisation and the need for some assurance of stable objectives and policies, while noting the difficulty of reconciling the different timescales of politicians and industrialists. It considers that the nationalised industries can only operate at their full potential when a framework is established within which management can plan with confidence. Guidelines issued in 1967 by a Government White Paper[1] are no longer adequate for the complex environment in which nationalised industries now operate, and the report concludes that no general system of guidelines for pricing policy, investment criteria and financial objectives can take adequate account of the circumstances of the individual industries and so provide the required stimulus to efficiency. Guidelines should be specifically tailored to the industry concerned and, since the issues of public policy are large and politically sensitive, be based on a closer involvement of Government in the strategic planning process. There is an overwhelming need, in short, to base the nationalised industries' relationship with Government on three concepts – trust, continuity and accountability – which the report finds the present structure is failing to provide.

The main recommendations of the NEDO study are that a Policy Council and a separate Corporation Board should be set up for each major nationalised industry. The principal functions of the council would be to agree corporate objectives and strategies, establish performance criteria, endorse corporate plans and monitor performance, while the board would manage the corporation within the framework of these objectives, strategies and criteria. Government would exercise its concern for the effective use of resources and for social and regional policy through the councils. It would not be able to intervene directly in the actions of the boards, although in extreme circumstances it would have powers of specific direction enabling it to override council decisions. The NEDO study also recommends that the Government should devise more rational financing arrangements for nationalised industries which would take account of the specific environment in which individual corporations operate.

[1] *A Study of the Nationalised Industries*. Background Paper 3. NEDO, £3.

[1] *Nationalised Industries: a review of economic and financial objectives*. Cmnd 3437. HMSO.

The Appendix

The Appendix volume gives statistical and other information relevant to the issues studied by the NEDO team and their advisers. There are six sections, of which the first covers the definition and list of publicly owned enterprises, divided into the categories of public trading bodies and limited companies. The second section, which is concerned with the role of nationalised industries in the economy, assembles information on such aspects as the industries' size and strategic position, the main product and market characteristics, interrelationships with other sectors, investment and technological developments, trends in output, employment and productivity, pay and price trends and financing. The third section puts the subject into historical perspective, discussing the purposes of nationalisation, the statutory duties of public corporations, the basic framework for control, subsequent developments in control and recent legislation. The findings of a survey carried out for NEDO by management consultants on the pricing policies, investment criteria and financial objectives of four nationalised industries are given in the fourth section, while the fifth contains a discussion paper by a consultant to the NEDO study team in which the arguments on financial and economic control contained in other parts of the report are developed more fully. The final section contains a discussion paper by the same author on the question of the legal control of nationalised industries, both with relation to ministers and to customers and competitors.

Agriculture

AGRICULTURAL POLICY

Future development of the Government's agricultural policy was discussed by the Minister of Agriculture, Fisheries and Food, Mr John Silkin, in a speech to the Farmers' Club in London on 8 December 1976. (Discussions of agricultural topics by the Council of the European Community are reported on pp 14–15.)

European Community

Speaking of the British membership of the European Community, Mr Silkin said: '. . . it is necessary not only to see of what the EEC consists but also why it has developed in the way that it has. Broadly, the other members of the Community are more self-sufficient than the United Kingdom. Each of the other eight countries has a larger percentage of farmers (in some cases a very much larger percentage) than we have. Differences between us have arisen because we had our industrial revolution a century before our partners, and this early history has brought with it advantages and disadvantages. It does mean, however, that the percentage of inefficient farmers in our country is also very much less than in the countries of many of our partners. Now it seems to me that what we should be trying to achieve in Europe is the most efficient form of farming which the nine of us can produce. That does not mean, to my mind, applying exactly the same test to every single country. It means, on the contrary, taking advantage of the differences that there are between one country and another. To give an example, I believe that in our Marketing Boards we have an institution that has served us well for over 40 years. Indeed, I think it is one which Europe could well copy. We should not throw them away.'

Taking milk production as another example, the minister thought there was some justice in the Community Commission's belief that the production of milk and milk products in the Community was 10 per cent too high. Recalling his reaction to the Commission's proposals for dealing with the surplus (see pp 465-6, 1976), Mr Silkin explained why he had 'strongly opposed' the suggested three-year ban on aids for investment in milk production. 'I believe', he said, 'that measures to increase the consumption of milk are good, but if we are to have an efficient dairy industry throughout the Community, to my mind, the worst way of dealing with it is to stop the progress of modernisation and application of technology by preventing the necessary aids from being given.

'Put in a more general framework, my view is this. The fact that it is right to contract an industry does not mean that contraction should take place in every part of the EEC. On the contrary, contraction should only take place where the industry is both inefficient and incapable of economic improvement. In those areas of the Community where the industry is both efficient and capable of even greater improvement, there should be an expansion.

'Our own country is fortunate above all others. It has the natural advantages of a good climate – I said climate, not weather – a prolific and suitable grassland, and a people possessed of the virtues of patience and resilience. It has the structural advantage that it has fewer small inefficient units than anywhere on the Continent. It has the final advantage that there is still considerable scope for a modernisation programme leading to greater, healthier productivity at a reasonable cost to the consumer.'

The minister remarked that his speech echoed the Government's White Paper *Food from Our Own Resources* (see pp 211-12, 1975). He continued: 'I have to tell you that many of our European colleagues dislike *Food from Our Own Resources*, and they do not hesitate to tell me so. They regard it as British nationalism, and as anti-communautaire. I can only say that, far from regarding a national approach to this question as being anti-communautaire, I regard our approach as being supremely in the interests of the Community. Not everything the Community proposes is in the interest of British farming, but most of what is best for British farming is in the interests of the Community.'

Agriculture in the National Economy

Mr Silkin pointed out that, although agriculture's share in the Gross Domestic Product was small [it was 2·7 per cent in 1975], the industry made a bigger contribution than this would indicate, since by its high productivity it was releasing resources which could be used in other sectors. Agricultural labour productivity, for example, had improved over the last decade by some 4 to 5 per cent a year

on average, about twice the rate for the economy as a whole. Agriculture also provided employment in those sectors which depended upon it – food processing, fertilisers, transport, retailing and the export market. 'Now at the moment', said the minister, 'the overall United Kingdom deficit on overseas trade is running at about £2,000 million: any industry which can save imports needs to be directly encouraged. My job is to make my Cabinet colleagues, and the country as a whole, realise how important it is. For if the expansion projected in *Food from Our Own Resources* were to be achieved today, we would be saving imports worth £650 million – a vital contribution to the reduction of that deficit on balance of trade.'

Degree of Self-sufficiency

The minister recalled the considerable progress which Britain had made in increasing its self-sufficiency. Of the foods which could be produced in Britain, 68 per cent were now grown in the country, compared with 60 per cent 25 years earlier. It was unlikely that Britain would ever be fully self-sufficient in food. Mr Silkin thought the bulk of food imports would come from Europe. 'Then', he said, 'there will be some that will come from Commonwealth countries such as New Zealand and our Commonwealth sugar suppliers because we rightly recognise our historic obligations to them. The third way – and I acknowledge that farmers may have mixed feelings on this – will be as and when we can obtain a more liberal import policy for the Community and hence for ourselves. But our aim should nevertheless be to displace any imports we can produce ourselves more economically than we can obtain them from abroad.'

The Green Pound

Mr Silkin then turned to the problem of the Government's need to make the right decisions to assist in the expansion of agriculture. He said: 'I hear a great deal these days about the solution to all our problems being met by a devaluation of the green pound[1] [see pp 422, 1976 and 15]. But the existence of the green currency . . . is something that all EEC members have found it necessary to maintain in these days of yo-yo currencies in order to modify the effects on their own internal prices. The real question is the level of returns and profitability in British agriculture and the green pound is only one of a large number of factors in this. Much more important, for example, is the level of CAP [common agricultural policy] support prices generally; the level of market prices; the increase in farmers' costs; the level of agricultural investment, not to mention the further transitional steps [to bring British agricultural prices into line with those in the original member states of the Community] to be taken next year. Now none of these are solely dependent upon the green pound. But the green pound does have an effect on the general economic environment. This is not a question, therefore, of the producer versus the consumer . . . It is really a question for the whole nation, the economy and the part that agriculture plays within it.

'As far as the farmer is concerned devaluation of the green pound has surprisingly contradictory effects. It would mean higher returns on some commodities but it would also mean higher costs and therefore lower returns on others – for example, our Christmas turkey. And in some areas of farming and horticulture the green pound would have no effect whatsoever. What we can be sure of, however, is that it would have an effect upon the cost of living – and incidentally, higher prices can mean a lower consumption of food. We all remember how in 1974 the shortage of sugar put up the price to the housewife, and consumption has never fully recovered since; and the high level of potato prices at the beginning of this year [1976] cut the consumption of fresh potatoes by 25 per cent. Now both these price increases were brought about by market forces, but the lesson applies just as much to deliberate acts of policy.'

The minister pointed out that, at a time when the fall in the value of sterling had put up the cost of living in many spheres beyond the Government's control and the nation had to face a restrictive wages policy and a cut in the standard of living, Britain had to be very careful how it used the green pound. He added: '. . . if at any time I felt that such a devaluation were necessary from the point of view of the agricultural industry, and would not damage the rest of the economy, I would not hesitate to recommend it. In other words, we must look at the green pound from the point of view of the nation and not just as the property of the farming community. Its present level is not determined by a dogmatic belief that it must never be altered: rather, it has been weighed in the balance of our economic policy and our responsibility to the British people as a whole.'

[1] Farming leaders have claimed that devaluation would encourage expansion by raising producers' returns.

Offshore Oil and Gas

Recent offshore oil and gas developments – the start of production of two of Britain's largest offshore oilfields (Brent and Piper), a decision to establish a company to make detailed studies of gas-gathering pipeline systems and the publication of proposals for the harmonisation of international offshore diving standards – are described below together with points from a ministerial speech on oil and gas resources, offshore equipment and relations between Britain and Norway.

MINISTER'S SPEECH

The Minister of State at the Department of Energy, Dr Dickson Mabon, opening the Offshore International Exhibition and Conference at the National Exhibition Centre at Birmingham on 7 December 1976, stressed the size of Britain's energy resources and their highly beneficial effects on the economy. He said that in about three years Britain would have access to indigenous resources to supply all the energy it required and that throughout the 1980s Britain was likely to be one of the few Western

industrialised countries which would be self-sufficient in energy.

Oil and Gas Resources

Dr Mabon said that oil and gas reserves could have a gross value of some £300,000 million. Offshore oil and gas were being produced in increasing quantities: oil output was running at 400,000 barrels a day, equivalent to 20 million tonnes a year, and by December 1977, as further oilfields came onstream, Britain could be getting between one-third and one-half of oil requirements from indigenous oil resources; and the first supplies of gas from the northern North Sea, which under existing contracts would increase the amount available by nearly 50 per cent, were expected in the autumn of 1977.

The oil import bill would be progressively reduced and this would greatly benefit Britain's balance of payments. Already North Sea gas, as a substitute for imported oil, was saving £2,000 million a year on the balance of payments, while the contribution of North Sea oil, estimated at up to £1,000 million in 1976, should be more than doubled in 1977. Dr Mabon said that if present oil prices were maintained in real terms, North Sea oil could improve the balance of payments by over 3 per cent of the gross national product in 1980, rising to between 5 and 5·5 per cent by 1985. Balance of payments gains would come when much of the medium-term foreign currency debt would be due for repayment and North Sea oil would substantially increase Britain's capacity for clearing its international overdraft. Offshore oil and gas reserves represented a large addition to Britain's resources and their value was many times the level of overseas debts. The value of North Sea oil – about $13-$14 a barrel – greatly exceeded its cost of extraction, ranging, for the fields so far declared commercial, from a minimum of roughly double the cost to up to seven times the cost of extraction for the most profitable oilfield. Dr Mabon said that North Sea oil and gas gave Britain 'a real opportunity to strengthen the industrial base' on which it relied for its standard of living.

Offshore Supplies Industry

Dr Mabon noted that British firms had already demonstrated their capacity to assist the growing number of countries intending to develop their offshore oil and gas resources. Examples included the supply of gas platforms to the Netherlands; the signing by British Petroleum of an exploration risk contract with Petrobras, the Brazilian state oil company; and the supply of information about British offshore capability and training facilities to Venezuela and India. In addition, there was already a substantial British offshore involvement in the Middle East, South-East Asia, and the Soviet Union, and other major orders from South America were hoped for in the following few months.[1] Although the value of orders placed in 1976 by offshore operators in the British Continental Shelf was forecast to be less than in 1975, further platform orders were expected in 1977 and 1978, resulting in a substantial increase in activity throughout the industry.

Co-operation between Britain and Norway

Welcoming the Norwegian Minister of Industry, Mr Gjerde, to the conference and exhibition, Dr Mabon summarised recent developments in offshore co-operation between the two countries. At a series of ministerial meetings in September 1976 the possibilities of closer co-operation between British and Norwegian offshore industry had been discussed and it had been agreed that it would be mutually beneficial for the Governments to encourage the establishment of further contacts between companies and the development of co-operation between the national oil companies. To promote closer inter-governmental contacts, it had been agreed to set up a joint co-ordinating committee on offshore oil and gas at ministerial level. Subjects scheduled for discussion included gas-gathering projects, procedures for offshore ordering and co-operation on safety measures.

BRENT FIELD

The Brent field, one of the world's largest offshore oilfields and the largest field so far discovered in the British Continental Shelf, came onstream in mid-November 1976 and the first oil was brought ashore by tanker at Fawley (Southampton) on 17 December. Brent lies mostly in Shell/Esso's block 211/29 with a small area in Texaco's block 3/4 (see map, p 253, 1976) and has recoverable reserves of oil estimated at 195 million tonnes, while also containing substantial reserves of associated gas. The total cost of developing the field is estimated at £2,400 million. Production of oil is expected to increase quickly, reaching an annual peak of 22 million tonnes by 1982. Oil will later be sent through the pipeline system, much of which has been laid, connecting Brent and some neighbouring fields to the terminal being built at Sullom Voe (Shetland). Gas production from Brent will be over 14 million cubic metres a day from 1979-80 and will be piped ashore to St Fergus (Grampian) through a 280-mile (451-kilometre) pipeline, which is being laid. A ten-year contract has been signed for the export of over 6 million tonnes of liquefied petroleum gas (butane and propane) from the field to the United States, starting in 1979-80.

PIPER FIELD

The Piper field came onstream on 7 December 1976, bringing the number of offshore oilfields in production in the British Continental Shelf to seven. Piper lies in block 15/17, the licence for which is held by a group of four companies, headed by Occidental Petroleum (UK) Ltd. It is the fourth largest oilfield in the British Continental Shelf, with recoverable reserves of 85 million tonnes, and oil is brought ashore by pipeline to the terminal at Flotta (Orkney).

[1] On 23 December the firm of McDermott announced that it had received a letter of intent from Petrobras for an order to fabricate a steel platform structure at its yard at Ardersier (Highland). This would be the first production platform to be built in Britain for an offshore area other than the North Sea.

GAS PIPELINES

The establishment of a company to conduct further studies into gas-gathering pipelines in the British Continental Shelf was announced by the Secretary of State for Energy, Mr Anthony Wedgwood Benn, in the House of Commons on 9 December 1976 (*Hansard*, written answers, cols 311-13).[1] Mr Benn said that comments on the Williams-Merz report (see p 256, 1976), which had recommended two further gas pipelines to collect large amounts of gas available from offshore oilfields and gas condensate fields in the northern basin of the North Sea, indicated that detailed studies would be needed to establish the viability of, and to select the best route for, such a pipeline system. Studies were likely to include more detailed assessments of reservoirs and of the relevant production and pipeline technologies; investigation of the markets for ethane and liquefied petroleum gas; examination of terminal and other onshore constraints; and consideration of the most suitable type of organisation to build and operate a pipeline network, and of methods of financing. The planning and commissioning of these studies would be undertaken by the new company, which would be called Gas Gathering Pipelines (North Sea) Ltd. A majority share would be held jointly by the British Gas Corporation (BGC) and the British National Oil Corporation (BNOC), while there would be provision for a significant minority stake to be taken by private sector interests. Mr Benn said that he had asked for an initial report and recommendations by the end of 1977, with an up-dated version by 31 March 1978. To enable the planning of studies to proceed, the BGC and the BNOC had agreed to set up the new company immediately and private sector firms wishing to participate were invited to contact him by the end of 1976. Each participating firm would be required to subscribe a substantial sum and would obtain knowledge of the commercial and engineering issues at stake although it would have no preferential right for contracts awarded in either the study stage or in later stages if a pipeline system were to be built. The study company would cease operations after completing its analysis, and the structure of any company set up to construct and/or operate pipelines would not necessarily be the same as that of the study company as this could be decided only in the light of the studies.

SAFETY

Proposals for the harmonisation of international offshore diving standards so as to improve the safety of oil-related diving operations in European waters, issued by the European Diving Technology Committee (EDTC) and circulated by the European Community's Mines Safety and Health Commission for information and comment, have been welcomed by the Government.[2] Detailed recommendations are suggested on training, qualifications and experience, and the notes cover standardisation of equipment by companies and countries, standards of medical services and training, and operational matters including emergency procedures. Although the document has no statutory power, countries are being encouraged to adopt its recommendations.

The Department of Energy's Senior Diving Inspector, said at a press conference on 9 December that Britain had played a leading role in setting standards of diving safety. Its standards were being followed, often very closely, by other countries and the EDTC proposals reflected the basic principles contained in British legislation. The Inspector said that Britain was the first country to appreciate the need for special diving safety legislation for the offshore oil and gas industry. With the active co-operation of the divers and diving companies, regulations[1] were being implemented and were improving the safety rates of offshore diving (see p 254, 1976) as offshore operations increased. However, there was a degree of overlap in the regulations and accordingly an interdepartmental committee was examining the legislation so that an integrated set of regulations covering all aspects of diving in the offshore oil and gas industry could be prepared. The Health and Safety Executive would take over the responsibility for policy on offshore safety, but responsibility for implementing regulations would remain with the Department of Energy.

Science Policy

ADVISORY COUNCIL FOR APPLIED RESEARCH AND DEVELOPMENT

The Government announced on 1 December 1976 the appointment of an Advisory Council for Applied Research and Development. The chairman will be the Lord Privy Seal, Lord Peart, and the deputy chairman Sir James Menter, Principal, Queen Mary College, University of London, and non-executive director of Tube Investments Ltd; 12 other members were appointed. The Head of the Central Policy Review Staff, the Chief Scientist in the Central Policy Review Staff, and Departmental Chief Scientists will be Assessors. The Chief Scientific Advisor, Ministry of Defence, and the Chief Scientists at the Departments of Energy, Industry and the Environment will be permanent Assessors and other Chief Scientists will be invited to attend as appropriate. The Secretariat will be appointed by the Cabinet Office.

The terms of reference of the advisory council are: to advise ministers and to publish reports as necessary on applied research and development in the United Kingdom and its deployment in both the

[1] Information on the decision to establish the company is contained in *Gas Gathering Pipeline Systems in the North Sea: Note by the Department of Energy*. Available free from The Library, Department of Energy, Thames House South, Millbank, London SW1P 4QJ.

[2] A summary of the guidance notes is contained in Department of Energy press notice No 359, 9.12.76.

[1] *Offshore Installations (Diving Operations) Regulations 1974* (see p 363, 1974). SI 1974/1229. HMSO, 15p. ISBN 0 11 041229 X. *Merchant Shipping (Diving Operations) Regulations 1975*. SI 1975/116. HMSO, 22p. ISBN 0 11 050116 0. *Submarine Pipelines (Diving Operations) Regulations 1976*. SI 1976/923. HMSO, 30p. ISBN 0 11 060923 9.

public and private sectors in accordance with national needs; the articulation of research and development with scientific research supported through the Department of Education and Science; the future development and application of technology; the role of the United Kingdom in international collaboration in applied research and development.

Background

The Government's intention to appoint an Advisory Council for Applied Research and Development was announced by the then Lord Privy Seal, Lord Shepherd, in a memorandum submitted to the Science Sub-committee of the Select Committee on Science and Technology in May 1976, which described new arrangements to ensure the best possible advice to ministers collectively.

In a statement issued at the time of Lord Shepherd's announcement the Civil Service Department said that the council would be expected and encouraged to provide advice to ministers on broad issues across the whole range of applied research and development in both public and private sectors. The appointment of the Lord Privy Seal as chairman would ensure that the council's views were brought directly into the appropriate ministerial forums. The first deputy chairman, Sir James Menter, would bring to the council a lifetime of experience in industrial research and development, combined with a direct and continuing involvement in the academic contribution. The council would be small (12 to 15 members) and its membership would be drawn predominantly from those with first-hand experience of industry and the development of technology. It would be able to publish reports which it had made to the Government and would probably set up working parties on particular issues to prepare its reports.

The memorandum by the Lord Privy Seal explained that the new council would complement the Advisory Board for the Research Councils (ABRC) (see p 382, 1972, p 286, 1974 and p 174, 1976) but be distinct from it and differ from it in several ways. Unlike the ABRC it would concentrate mainly on technology and on the industrial applications of science, rather than on pure science. It would not manage scientific institutions nor allocate resources and would thus be more appropriately called a council rather than a board.

SOCIAL AND CULTURAL AFFAIRS

Race Relations

Stronger legislation on racial discrimination has been passed by Parliament and the last reports of the Race Relations Board and the Community Relations Commission have been published. Under the new legislation these bodies will be superseded by the Commission for Racial Equality. The Government has published a White Paper in response to the report on the organisation of race relations administration by the Select Committee on Race Relations and Immigration.

RACE RELATIONS ACT

The Race Relations Act 1976, which is designed to strengthen the existing law on race relations, received the Royal Assent on 22 November. The Act follows closely the Race Relations Bill (see pp 183-4, 1976) and makes unlawful racial discrimination in employment, training and related matters, in education, in housing and in the provision of goods, facilities and services; it will extend the existing law to cover discrimination by private clubs with 25 or more members. The Act will also apply to discriminatory advertisements and will make unlawful the exertion of pressure to discriminate and aiding discrimination. It will give alleged victims of discrimination direct access to civil courts and industrial tribunals for the first time. The Act amends the Public Order Act 1936 by strengthening the criminal law against incitement to racial hatred.

The Commission for Racial Equality, which will replace the Race Relations Board and the Community Relations Commission, will help enforce the legislation and promote equal opportunities and good relations between racial groups. The appointment of Mr David Lane as chairman of the new commission has already been announced (see p 345, 1976) and the commission will be established as soon as possible.

The Act will be brought into force in stages by commencement Orders. The provisions dealing with racial discrimination will take effect as soon as the new commission is in a position to carry out its functions; this is expected to be in the early part of 1977.

REPORT OF THE RACE RELATIONS BOARD

In its final report published on 30 November (*Report of the Race Relations Board, January 1975-June 1976*, HMSO, £1·40, ISBN 0 10 200377 7) the Race Relations Board gives particulars of the complaints received and disposed of during the period under review; tabulates cases in certain categories completed between 1968, when the board was established, and June 1976; describes the court hearings brought by the board; summarises the information work undertaken; and comments on the state of race relations in Britain.

Numbers and Type of Complaint

In 1975, 1,138 complaints were made to the board, the highest total since 1969. In addition 89 investigations were initiated by the board in cases where no complaint had been made but where the board suspected that unlawful discrimination was taking place; this was the second highest total for any year. In the first six months of 1976, 559 complaints were made and 32 investigations were initiated by the board. In 1976 there was a sharp fall in the number of complaints related to advertisements.

Table 1 shows complaints dealt with in 1975-76. During 1975 the board disposed of 1,083 cases and the opinion that unlawful discrimination had occurred was formed in 233 cases. Written assurances against future discrimination were secured in 191 of these, settlements being obtained, in addition, in 77 of them. In 57 cases the settlement took the form of financial compensation, the amounts ranging from £5 to £1,830. In the first six months of 1976, 604 cases were disposed of, in 112 of which opinions of unlawful discrimination were formed. Financial settlements were secured in 38 of these cases.

In 1975 the board decided to bring proceedings in county courts in 45 cases against 35 respondents where conciliation had failed. During the year cases against 13 respondents reached court, in 11 of which the board was successful.

In the first six months of 1976 the board decided to bring proceedings in 32 cases involving 15 respondents. Cases against 9 respondents reached court in the period and the board was successful in 6 of them.

The report analyses the numbers of complaints concerning employment, services and housing completed in each year from 1968 to mid-1976 (see Table 2).

Educational and Information Work

Educational and advisory work is a major part of the board's objective of reinforcing the impact of the Race Relations Act on behaviour. In the employ-

Table 1

Type and Outcome of Complaints and Investigations Disposed Of January 1975-June 1976

1975

Type	Total	Opinion: discrimination	Opinion: no discrimination	Others
Employment	535	86	326	123
Services	358	55	192	111
Housing	113	24	48	41
Advertisements	72	67	2	3
Incitement	5	1	—	4
	1,083	233	568	282

January–June 1976

Employment	312	35	194	83
Services	192	49	93	50
Housing	89	20	37	32
Advertisements	8	7	1	—
Incitement	3	1	2	—
	604	112	327	165

Cases listed under 'others' include those found to be outside the scope of the Act, those withdrawn by the complainant, or those in which contact was lost with the complainant.

Table 2

Completed Cases 1968 to June 1976 in Employment, Services and Housing

	Total	Discrimination (a)	No discrimination (b)	Other	% of Discrimination cases, ie (a) as % of (a) + (b)
1968-69	174	4	70	100	5·4
1969-70	1,075	103	712	260	12·6
1970-71	1,060	130	689	141	15·9
1971	716	84	462	168	15·4
1972	873	151	467	255	24·4
1973	711	107	383	221	21·8
1974	994	194	523	277	27·1
1975	989	163	558	268	22·6
1976 (Jan–June)	582	104	315	163	24·8

The figures for 1969-70 and 1970-71 were for the 12-month periods April to March. Those for 1971 to 1975 were for calendar years. There is therefore an overlap for the period January to March 1971.

ment field the report refers to the 'general reluctance of employers to take positive action to secure equality of opportunity' but records some encouraging developments. In 1975 the Greater London Council announced an equal opportunity policy for its employees and is experimenting with a system of monitoring which does not involve the keeping of records by colour or origins. Three other local authorities – Glasgow, Oxford and Leicester – have such policies. The Leicester and District Hosiery Manufacturers Association has circulated a recommended policy to its members and several firms have reached formal arrangements with trade unions.

As part of its public information work the board started to publish in April 1975 a tabloid newspaper called *Equals*. It is produced every two months and in June 1976 69,000 copies were distributed to schools and other educational institutions, to trade unions, to minority organisations, local government and libraries. The board continued to produce five Asian-language bulletins three times a year. Demand for the schools pack on immigration and race relations continued and a further 10,000 copies were distributed; an audio-visual aid was completed to complement the pack.

An Asian-language cartoon film about the Race Relations Board and the Act entitled *The Referee* was produced for commercial distribution in Asian-language cinemas and an audio-visual aid entitled *The Understanding* was also made on the theme of equal opportunity in employment. It is intended primarily for shop steward day-release courses.

Race Relations

The report says that although the board has reservations about certain aspects of the new race relations legislation, it appreciates its value as a major and bold reform which, properly implemented and reinforced, could lead to much faster progress in the elimination of racial discrimination. The board calls for vigorous leadership by the Government in making 'a counter-attack on the racial elements in society' and on the 'doctrine of repatriation'. An attack should be made by the Government on the 'widely-held myth' that the minorities constitute a privileged section of society. In view of the abundant evidence of their underprivileged position, especially in the series of reports by Political and Economic Planning (PEP) (see p 133, 1976) the assertion that minorities enjoyed special advantages was 'ludicrous'. Part of the strength of the myth arose from the genuine but erroneous belief that steps taken to remove the special disadvantages of the minorities gave them benefits not available to others. There was not always a clear appreciation between *different* treatment to secure equal opportunity and *privileged* treatment.

In the opinion of the board, the contribution of the minorities themselves to the operation of the 1968 Act has been disappointing. There were understandable reasons why victims of discrimination did not wish to complain; the board hoped that under the new system by which tribunals and courts would deal with complaints, minority group organisations would be stimulated which could give assistance to their members and become directly involved in dealing with discrimination.

The board concludes by saying that, inevitably, its reports have dwelt mainly on the 'distance still to be travelled if the humanitarian and social objectives of the law and public policy in race relations are to be achieved'. Evidence showed, of course, that progress towards these aims had been made over the past decade. The PEP reports which documented the wide extent of racial discrimination had also shown that discrimination in employment and housing was less than it had been in 1966 when PEP conducted an earlier survey. The reports also showed that the minorities themselves believed that discrimination had been reduced. A further encouraging aspect was that the minorities still broadly had the expectations and aspirations of their white counterparts. Although the problems of young West Indians should not be underestimated and required a special response, there was also evidence of encouraging progress in the education and employment of West Indian and Asian children and young people. There were also signs of a growing awareness, especially among local authorities with regard to housing, that many systems and procedures operated detrimentally for members of minority groups.

REPORT OF COMMUNITY RELATIONS COMMISION

An assessment of the achievements of the Community Relations Commission and a consideration of the part to be played by the new Commission for Racial Equality are contained in the last report of the commission published on 22 December (*Community Relations 1975-76. The Report of the Community Relations Commission July 1975-November 1976*, HMSO, £1·75, ISBN 0 10 205177 1). In a preface, Mr Mark Bonham Carter, the commission's chairman refers to the fact that, in 1966, it was accurate to describe the ethnic minority population as 'immigrants' while today over 40 per cent of the black population were born in Britain and an even higher proportion have been wholly or mainly educated there. In many respects they do not share their parents' attitudes; they are not newcomers but are British who expect to be taken into account and their views to be listened to. The new law should have a substantial impact on discrimination; to diminish disadvantage funds will need to be redeployed.

History and Assessment

Following a historical survey, which outlines the changes in emphasis that have taken place and the strategies that have been formulated since the commission was constituted in 1968, the report attempts to assess how far its objectives 'to promote harmonious community relations' have been achieved. It welcomes the Government's wider commitment, under the new legislation, 'to work towards the elimination of racial discrimination and the promotion of racial equality'. It refers to the steady expansion of the specialist training undertaken by the commission resulting in increasing professionalism among its staff. The development

of local community relations councils has consistently been the cornerstone of the commission's strategy; the number of councils increased from 67 in 1969 to 85 in 1975 and the number of staff employed from 42 community relations officers (CROs) in 1969 to 89 CROs, 43 assistant CROs and 106 specialist officers in 1975. The expansion of staff and their greater professionalism have led to increasingly effective operations at local level. The commission's policy for public education has included working for the inclusion of community relations in a wide variety of training programmes and attempting to influence the ways in which community relations issues are handled by the news media.

The report outlines some of the ways in which the commission has sought to focus the Government's attention on specific needs relating to community relations. The matters dealt with have included the resettlement of Ugandan Asians, fostering, care of pre-school age children and childminding, housing, the job creation programme, industrial language training and the youth service. At local level the commission's specialist sections – Education, Employment, Housing, Social Services and Youth – together with the Information Division, have played a key role in pressing authorities to ensure that the needs of minority groups are given appropriate attention. In the experience of the commission there is a growing awareness and responsiveness to the need for policies to meet the needs of a multicultural society among political and public opinion both at national and local level.

An important part of the commission's work has been with professional, trade union and other voluntary bodies. A major advance in 1975 was the decision of the Trades Union Congress to set up an Equal Rights Committee. The commission has a Trades Union Consultative Committee which includes representatives of eight major trade unions and has been concentrating on such issues as training shop stewards in a multi-racial workforce and on the participation of minority groups in trade unions. Another significant development was the seminar on 'Race and the Media' held in 1975 which was organised by the commission and the National Union of Journalists (NUJ) after the decision of the NUJ to ratify guidelines to be applied when dealing with race relations subjects. (The relevant clause enjoins journalists not to 'originate material designed to encourage discrimination on grounds of race, colour, creed, gender or sexual orientation'.) Further education was the subject of two national conferences and, among other areas in which the special needs of minorities have been discussed has been a project funded by the Adult Literacy Resource Agency to work on a programme for training volunteer tutors from the Caribbean.

Relations between the police and minority groups remain a critical and sensitive area, says the report. The commission continues to participate in police training courses. The initiative by the Commissioner of the Metropolitan Police in October 1975 in advertising specifically for members of minority groups to join the police force is welcomed in the report.

The work of the commission with minority groups is discussed, in particular the activities of local community relations councils in encouraging self-help projects. A particularly important innovation has been the operation of the Self-Help scheme which was introduced in 1975 to give support to existing self-help groups and encourage the creation of new ones, primarily, but not exclusively, for the benefit of young West Indians who were homeless or unemployed and not receiving help from the normal social services. Over 20 projects have been approved and are receiving financial help from the commission. They include Operation Headstart in the London Borough of Haringey which provides an educational and cultural centre, legal advice, housing aid, an employment agency, supplementary education, day care centre and workshops. In Manchester, the Black Women's Co-operative runs a commercial skills training scheme for young black unsupported mothers. A project in Birmingham runs housing schemes, including a self-build scheme, and provides a counselling service, and the Melting Pot Foundation in Brixton, London, provides a counselling service, remedial classes and a hostel. The Self-Help scheme, says the report, has more than any other programme, aroused interest among the black community.

The Way Forward

In the light of the commission's experience, the way in which future strategy should develop is discussed in the final section of the report. The commission agrees that the new Race Relations Act will do much to combat discrimination on grounds of colour and race. It draws attention to the fact that the need to supplement legislation by 'a more comprehensive strategy for dealing with the related and at least equally important problem of disadvantage . . .' was acknowledged in the Government's White Paper *Racial Discrimination* (see pp 415-19, 1975). The commission believes that racial disadvantage is a more difficult thing to combat than the more overt forms of discrimination. In its view the most efficient way of combating disadvantage and discrimination is a more effective use of current resources. The commission considers that the statutory powers placed on local authorities by the new legislation is an important step forward as it places a 'duty' on local authorities to 'eliminate unlawful racial discrimination'. The report suggests ways in which these responsibilities could be translated into action.

The major part that self-help can play in ethnic minority communities is stressed and the commission considers that the role of minority organisations and leadership in assisting local authorities in assessing needs and making decisions on provision to be 'crucial'. There is a serious need for minorities to become more involved in local institutions, for example, the involvement of parents in schools and the encouragement of young people to become teachers, careers officers or youth workers. Minorities should also be invited to serve on the bodies which control local services.

None of this work, however, can succeed without a positive, public education programme. The communicators must be made more aware of their responsibilities in the field of race relations, says the report. There is a growing awareness among journalists of the effects their work can have; the

public relations and advertising professions should acknowledge their responsibilities in this area. It is only when everyone with a commitment to the principles of racial equality and justice demonstrates it that the rest of the work done by organisations will prove effective.

RACE RELATIONS ADMINISTRATION

In a White Paper published in September (*The Organisation of Race Relations Administration. Observations on the Report of the Select Committee on Race Relations and Immigration* (Cmnd 6603, HMSO, 35p, ISBN 0 10 166030 8)) the Government sets out its response to the Select Committee's recommendations published in August 1975 (see p 339, 1975). It does not consider that it is necessarily appropriate for all Government departments to set up specialist race relations sections. It accepts that the Home Office should retain central responsibility for race relations policy and says that the staff concerned with such policy have been strengthened. The Government agrees that this central responsibility should be exercised through the Home Secretary as a senior member of the Cabinet but does not see the need for a Minister of State for Equal Rights (as recommended by the committee) as this would merely duplicate the Home Secretary's responsibilities. Discussing the role of the local community relations councils, the White Paper says that the Government accepts the committee's view that the autonomy of the councils and community relations officers is of paramount importance if the acceptance of the minority communities is to be won. It therefore agrees that the existing structure of independent councils and officers should be continued. It would fall on the commission to be established under the new race relations legislation, in taking over the co-ordinating functions of the Community Relations Commission, to help the councils to formulate their objectives. The White Paper says that the committee rightly stressed the importance of the part which the minority communities themselves must play in a multi-racial society and it was desirable that the Government and the new commission should encourage the growth of minority group organisations.

Community Television

MILTON KEYNES EXPERIMENT

Britain's first independent and entirely non-commercial community television channel began transmissions at Milton Keynes new town during December 1976.[1] Over 9,000 homes in the town are linked by cable to the new station, known as *Channel 40*, and by 1979 the potential audience will be 18,000 homes.

The basic idea behind the project is that the use of television need no longer be confined only to large-scale, remote media organisations, but that with the low-cost portable black and white equipment now available – of the kind used by many schools and colleges – anyone wishing to use television locally as a means of communication can do so relatively easily. People in the new town can not only see programmes about local activities, they can also record on video-tape programmes to express their own points of view to others in the area. *Channel 40* does not have staff reporters to provide a local news service; the role of its half-dozen-strong team is to provide technical resources for whatever programmes residents wish to make. Programmes are transmitted for a few hours on several days each week.

All participation in *Channel 40* is voluntary. No charge is made for the use of the studio (situated in a central housing area) or for the help of the staff, nor do the people living in homes which receive television via the cable system pay any extra charge to receive *Channel 40* programmes.

Channel 40 has a special Home Office licence to transmit for an experimental three-year period. The licence has been granted to a small independent company, Co-Ax Cable Communications Limited, which is supported by the Milton Keynes Development Corporation (which is responsible for the planning and development of the new town) and the Post Office. The cable network is provided by the Post Office, but otherwise the channel is not connected with any organisation in the broadcasting or communications industry.

The address of *Channel 40* is 161 Fishermead Boulevard, Fishermead, Milton Keynes MK6 2AB.

[1] Of five earlier community cable television projects, all financed by commercial companies, two are still operating, at Greenwich and Swindon.

DOCUMENTATION

(Documentation excludes publications referred to in Survey articles)

Government and Administration

Annual Abstract of Statistics 1976. Central Statistical Office. HMSO, £7·50. ISBN 0 11 630155 4.

Fire Services in Britain. COI, R5580.

External Affairs and Defence

New Hebrides. COI, FS/7.

Hong Kong. COI, FS/3.

Developments in the European Communities May-November 1976. Cmnd 6695. HMSO, 45p. ISBN 0 10 166950 X.

Defence Expenditure. Government Observations on the Seventh Report from the Expenditure Committee. House of Commons Paper 597. Session 1975-76. Cmnd 6675. HMSO, 25p. ISBN 0 10 166750 7.

Consular Convention between the United Kingdom . . . and [Czechoslovakia]. Cmnd 6683. HMSO, 50p. ISBN 0 10 166830 9.

Exchange of Notes between the Government of the United Kingdom . . . and the Government of . . . Jordan amending the United Kingdom/Jordan Development Loan (1973). Cmnd 6560. HMSO, 12p. ISBN 0 10 165600 9.

Consular Convention between the United Kingdom . . . and the German Democratic Republic (see pp 388-9, 1976). Cmnd 6648. HMSO, 55p. ISBN 0 10 166480 X.

Protocol . . . relating to the Agreement establishing an Association between the European Economic Community and Malta. . . . This protocol extends the Association Agreement signed between the EEC and Malta in 1970, to the enlarged Community, and supplements the areas of co-operation between the two parties. Cmnd 6640. HMSO, £2. ISBN 0 10 166400 1.

Economic and Scientific Affairs

Customs and Excise. Sixty-seventh report of the Commissioners for the year ended 31 March 1976. The report shows that the total revenue of the department during the year amounted to about £9,252 million of which value-added tax accounted for 37 per cent, tobacco duties 18 per cent, hydrocarbon oil duties and alcoholic drink duties 17 per cent each and other customs and excise duties 11 per cent. Cmnd 6694. HMSO, £3·15. ISBN 0 10 166940 2.

Public Expenditure. Thirteenth report from the Expenditure Committee. Session 1975-76. Planning and Control of Public Expenditure (see p 471 1976). HMSO, £1·60. ISBN 0 10 009686 7.

Registry of Friendly Societies. Report of the Chief Registrar for the year 1975. Part 1, Friendly Societies, Industrial Assurance Companies and General. Friendly Societies are mutual organisations which provide many kinds of provident benefits, including sickness, death, endowment and old age benefits. HMSO, £1·15. ISBN 0 11 600238 7.

Inflation Accounting. Current Cost Accounting. Proposed statement of standard accounting practice. Issued for comment by persons interested in financial reporting by the Accounting Standards Committee (see pp 351-2, 496, 1975). The Institute of Chartered Accountants, Chartered Accountants' Hall, PO Box 433, Moorgate Place, London EC2P 2BJ. £1·20.

British Labour Statistics. Year Book 1974. Department of Employment. HMSO, £17. ISBN 0 11 361081 5.*

International Labour Conference. Proposed action by the Government on three conventions and three recommendations adopted at the sixtieth (1975) session and on one convention and one recommendation adopted at the sixty-first (1976) session of the International Labour Conference. The conventions and recommendations deal with how best to apply international labour standards, the setting up of organisations for rural workers, the role of vocational training in the development of human resources and equal opportunity for migrant workers. Cmnd 6674. HMSO, £1·25. ISBN 0 10 166740 X.

Royal Commission on the Press (see p 186, 1976). *Industrial Relations in the National Newspaper Industry.* A report by the Advisory, Conciliation and Arbitration Service. Research Series 1. Cmnd 6680. HMSO, £5. ISBN 0 10 166800 7.

New Earnings Survey 1976. Part C. Analyses by Industry (see also p 447, 1976). Department of Employment. HMSO, £1·50. ISBN 0 11 723804 X.

Electrical Fatalities in the Home 1974-75 – report by the Electrical Adviser to the Department of Prices and Consumer Protection. The report notes that despite the considerable increase in the range and use of domestic electrical equipment the number of deaths from electrocution in the home has decreased over the past year or two. Contributory factors have been the efforts of the industry, of the British Standards Institution's technical committees and of approval organisations such as the British Electrotechnical Approval Board. Report available from Room 101, DPCP, 1 Victoria Street London SW1H 0ET.

Monopolies and Mergers Commission – Indirect Electrostatic Reprographic Equipment. The report found that monopoly conditions prevailed in the supply of this equipment in Britain because one supplier, Rank Xerox Ltd, supplied at least one-third of the market. The commission concluded, however, that Rank Xerox's monopoly did not operate against the public interest; it recorded that the company was well managed, had made possible the rapid introduction of a technological innovation and had contributed substantially to the balance of payments. The Secretary of State for Prices and Consumer Protection, Mr Roy Hattersley, is asking the Director General of Fair Trading to have discussions about the company's Group Pricing Plan arrangements and certain other practices (*Hansard,* 16.12.76, written answers, cols 774-8). House of Commons Paper 47. HMSO, £2·10. ISBN 0 10 204777 4.

Monopolies and Mergers Commission – implementation of the recommendation and suggestions of the commission's 1974 report on the supply of primary batteries (see p 499, 1974). Mr John Fraser, Minister of State for Prices and Consumer Protection, said in reply to a parliamentary question that as a result of undertakings given by Mallory Batteries, purchasers of photographic batteries supplied by the company have, since 1 October 1976, paid approximately 28 per cent less than they would otherwise have had to pay. Other suggestions made by the commission are being implemented by Ever Ready. *Hansard,* 21.12.76, written answers, cols 144-6.

Guidelines for the National Enterprise Board (NEB). The Government has given statutory effect to guidelines for the NEB which were published in draft form in March 1976 (see p 168, 1976). Announcing the guidelines the Secretary of State for Industry, Mr Eric Varley, said that the only change of substance in the amended guidelines was that the NEB would now have delegated authority to make loans, give guarantees, or engage in joint ventures without notifying him in advance, provided the commitment was for less than £10 million and raised no new or significant policy issues. *Hansard,* 22.12.76, written answers, cols 214-5.

The Future of the United Kingdom Power Plant Manufacturing Industry. Report by the Central Policy Review Staff. The report concludes that the United Kingdom power plant manufacturing industry is at present under grave threat largely due to a shortage of orders and that there is a strong case for maintaining the industry. To achieve this, 'effective action' would have to be taken by both the Government and the industry. This would involve a change in the present plans for power station ordering and major changes in the structure of the industry. HMSO, £2·50. ISBN 0 11 700570 3.

Machine Tool Industry Scheme. The Government's scheme for assisting the machine tool industry has been extended for another year and will close on 31 December 1977. The assistance available will be within the £20 million originally announced (see p 356, 1976). Department of Industry press notice, No 346, 21.12.76.

Clothing Industry Assistance. The Minister of State for Industry, Mr Alan Williams, announced substantial improvements in the terms of Government assistance available to the clothing industry under the Industry Act 1972 (see pp 496-7, 1975). The scheme is being extended to stimulate the investment necessary for the industry's long-term survival and the incentives and conditions of eligibility for assistance have been improved. The total sum available under the scheme will be £15 million, so that £10 million is now available under the improved terms. *Hansard,* 7.12.76, written answers, cols 150-1.

Regional Statistics: No 12, 1976. Central Statistical Office. HMSO, £6·50. ISBN 0 10 630152 X.

The Development Commission. Thirty-fourth report, covering the period 1 April 1973 to 31 March 1976. HMSO, £2·50. ISBN 0 10 201177 X.

Health and Safety at Work. Safety representatives and safety committees. Health and Safety Executive. This booklet contains the proposals for regulations and an approved code of practice under the provisions of the Health and Safety at Work etc Act 1974 (see pp 177-9, 1974) as finally agreed by the Health and Safety Commission and submitted to the Secretary of State for Employment. It also contains guidance notes based on these proposals. HMSO, 35p. ISBN 0 11 880335 2.

[The Secretary of State for Employment has announced the Government's decision not to bring these regulations into force for the time being, in view of the current need to restrict public expenditure. *Hansard*, 19.11.76, written answers, col 797.]

Cimetidine and Ulcers. Cimetidine, marketed in November in Britain as *Tagamet*, is described in the British Medical Journal as a powerful new addition to the therapeutic armament that doctors may deploy in the treatment of duodenal and gastric ulcers and related gastro-intestinal disorders. It is known as an H^2 receptor antagonist – an H^2 receptor being a site in gastric mucosa at which anti-histamines are ineffective against acid secretion. *Tagamet*, produced as a result of some 12 years' research in Britain by the Smith Kline and French Research Institute, has received the approval of the Committee on the Safety of Medicines and has been released for clinical use by the Medicines Commission. British Medical Journal, 27.11.76. p 1276.

ADAS Science Service Annual Report 1975. This report relates to the scientific and analytical Service and research carried out by the Science service of the Agricultural Development and Advisory Service (ADAS) in England and Wales. HMSO, £9. ISBN 0 11 241094 4.

Report on Agricultural Marketing Schemes 1974-75. This report deals with the operation of Agricultural Marketing Schemes and includes the accounts of the seven marketing boards and statistics concerning the schemes. HMSO, £2·25. ISBN 0 10 204077 X.

Energy Conservation. COI, SN5993.

CAA Annual Statistics 1974 and 1975. Civil Aviation Authority, Greville House, 37 Gratton Road, Cheltenham, Gloucestershire GL50 2BL. £10. ISBN 0 86039 012 8.

Air-line Users Committee Annual Report for the year ended 30 September 1976. Civil Aviation Authority, PO Box 41, Cheltenham, Gloucestershire GL50 2BL. 68p. ISBN 0 86039 022 5.

Institute of Oceanographic Sciences 1973-74. First report of the institute – which forms part of the Natural Environment Research Council – 1976. HMSO, £1. ISBN 0 904175 03 0.

Directorate of Overseas Surveys. Annual report for the year ended 31 March 1975. HMSO, £2·40. ISBN 0 11 580205 3.

Centre for Overseas Pest Research. Report: January-December 1975. Centre for Overseas Pest Research, College House, Wrights Lane, London W8 5SJ, £2·75. ISBN 0 85135 085 2.

Pollution Control in Great Britain: How it Works. A review of legislative and administrative procedures. Pollution Paper No 9. Central Unit on Environmental Pollution, Department of the Environment, 1976. HMSO, £1·40. ISBN 0 11 751123 4.

Sulphur in Gas Oil. New regulations limiting the sulphur content of gas oil used in diesel-engined road vehicles, furnaces, stationary engines and engineering plants were made under the Control of Pollution Act 1974. They implement a European Community directive. For diesel-engined road vehicles maximum sulphur content, at present 0·5 per cent, will be reduced to 0·3 per cent by 1 October 1980. For the other categories the percentages are 0·8 and 0·5 respectively. Department of Transport press notice 122, 8.12.76.

An Economic Case Study of Waste Oil and its Wider Significance. Concludes that an extra 65,000 tons of reasonably high quality oil waste can be recovered from motorists and industry, which might bring a gross saving to the balance of payments of £2 million a year. Waste Management Advisory Council. Paper No 3. HMSO, 60p. ISBN 0 11 751009 2.

Second Report from the Select Committee on Overseas Development, Session 1975-76. The report contains recommendations concerning the relationship between British investment and trading patterns and development, particularly with reference to the specific problems of small developing countries. HMSO, £4·60. ISBN 0 10 009846 4.

The British Phosphate Commissioners. Report and accounts for the year ended 30 June 1975. Cmnd 6670. HMSO, 25p. ISBN 0 10 166700 0.

Framework Agreement for Commercial and Economic Co-operation between the European Communities and Canada. Cmnd 6646. HMSO, 20p. ISBN 0 10 166460 5.

Exchange of Notes concerning a Development Loan by the United Kingdom . . . to . . . Ecuador. Cmnd 6673. HMSO, 45p. ISBN 0 10 166730 2.

Social and Cultural Affairs

Population Census 1981. The next census of population will take place in the spring of 1981. Its content will conform with Directive 73/403/EEC of the Council of the European Community, under which member states are called upon to take a census in that year, and to prepare tables from the census on a number of topics. Officials have been discussing how to harmonise the censuses of member states. *Hansard*, 22.12.76, written answers, cols 241-2.

Obscenity, Indecency and Censorship Laws. The Government is to appoint a committee to undertake a fundamental review of the obscenity, indecency and censorship laws. *Hansard* (HL), 14.12.76, col 804.

Observations on the Report from the Select Committee on Violence in Marriage. The Government's response to the report made by the Select Committee in September 1975 (see p 422, 1975). Cmnd 6690. HMSO, 60p. ISBN 0 10 166900 3.

House of Commons Second Report from the Select Committee on Abortion. Session 1975-76. Includes a record of the committee's proceedings and the minutes of evidence presented to it. (For the committee's report, see p 345, 1976.) HMSO, 85p. ISBN 0 10 009676 X.

Mobility Allowance. The mobility allowance (see p 409, 1976) at present being paid to the age group 11-50 years is to be extended to children aged 5-10 who are unable, or virtually unable, to walk. Payment to the new group will begin on 13 April 1977. Department of Health and Social Security press notice, 8.12.76.

Legal Aid. Annual reports for 1975-76 of The Law Society and of the Lord Chancellor's Advisory Committee. Lord Chancellor's Office. HMSO, £1·60. ISBN 0 10 201277 6.

Statistics of Infectious Diseases, England and Wales 1975. Office of Population Censuses and Surveys. HMSO, 95p. ISBN 0 11 690621 9.

Charity Law and Voluntary Organisations. Report of an independent committee of inquiry set up by the National Council of Social Service, under the chairmanship of Lord Goodman, to examine the effect of charity law and practice on voluntary organisations. Published by the Bedford Square Press of the National Council of Social Service, 26 Bedford Square, London WC1B 3HU, £2. ISBN 0 7199 0910 4.

Statistics of Education, England and Wales, 1975. Volume 1. Schools. HMSO, £4·75. ISBN 0 11 270431 X.

Statistics of Education 1974. Vol 6. Universities. United Kingdom figures. HMSO, £7. ISBN 0 11 270375 5.

Further Education Curriculum Review and Development Unit. A new unit has been set up by the Secretary of State for Education and Science to contribute towards curriculum development throughout further education. For some time the unit's main attention will be on curricula for the immediate stages of post-school education, and in particular on schemes of vocational preparation for young people. In carrying out its work the unit will cooperate with local education authorities, teachers, examining bodies, training services, industry and other interested organisations. Department of Education and Science press notice, 20.12.76.

Training and Further Education Consultative Group. A new consultative group has been set up jointly by the Department of Education and Science and the Manpower Services Commission to provide a joint forum for discussing matters of common interest to the education and training services in England and Wales. Department of Education and Science press notice, 31.12.76.

Report of the Open University Committee on Continuing Education. Considers the Open University's contribution to provision for continuing education beyond compulsory school age, and makes recommendations for future development. Available free of charge from The Open University, Walton Hall, Milton Keynes MK7 6AA.

First Destination of University Graduates 1974-75. A statistical review of the pattern of careers followed by university graduates immediately after graduation. HMSO, £1·85. ISBN 0 11 700320 4.

Historic Buildings Council for England. Annual report, 1975-76. HMSO, £1·50. ISBN 0 10 200577 X.

Recreation Management Training Study. An independent committee is to be set up by the Government to assess the needs and opportunities for training staff in the management of sport and recreation facilities in England and Wales. It is expected that the committee will report about two years after it has been constituted. *Hansard*, 23.12.76, written answers, cols 258-9.

Royal Commission on Gambling, Interim Report. Examines the possibilities of a levy on football pools as a means of providing financial assistance to sport. (For the Royal Commission's wider terms of reference, see p 453, 1975.) Cmnd 6643. HMSO, 38p. ISBN 0 10 166430 3.

BBC Handbook 1977. Incorporating the annual report and accounts, 1975-76. British Broadcasting Corporation, 35 Marylebone High Street, London W1M 4AA. £1·50. ISBN 0 563 17196 0.

Television and Radio 1977. A guide to independent television and independent local radio. Independent Broadcasting Authority, 70 Brompton Road, London SW3 1EY. £1·40. ISBN 0 900485 24 8.

INDEX

October 1976—January 1977
(1976 pages are in italics)

Agriculture, *402*, 31
Anglo-Polish relations, 21
Anglo-Venezuelan relations, *468*

By-election result, *458*

Canada, Primer Minister's visit to, *387*
Children, *409*
China, People's Republic of, *424*
Civil aircraft collaboration, *478*
Clean air, *443*
Coffee, international agreement, *400*
Commonwealth Finance Ministers' meeting, *399*
Community television, 40
Construction overseas, British, *437*

Devolution in Great Britain, 3

Earnings, average, in 1976, *441*
Economic measures, 22
Economy, *390*, *426*, *470*
Education, *482*
  policy, *444*
European Community, *383*, *421*, *462*, 13
European Convention on Suppression of Terrorism, *469*

Family Expenditure Survey 1975, *476*
Fisheries, *402*
France, Prime Minister's visit to, *467*

German Democratic Republic, visit of the Foreign Minister, *388*
Gilbert Islands, 21

Hazards, Advisory Committee on Major, *405*
Health service finance, *410*
High speed train, *407*

Income and wealth, distribution, *472*
Industry
  industrial and regional development, *400*
  industrial stoppages 1971-73, 26
  university-industry relations, *477*
Inner cities and new towns, *411*
International comparisons of taxes and social security contributions, 27
International Monetary Fund, *428*
  British statement at the IMF, *393*
Invisible trade, trends in, *434*
Irish President, new, *469*

Legislation, recent, *379*, 8
Luxembourg, royal visit to, *469*

Ministerial appointments, *375*, 8

National income and expenditure, *395*
Nationalised industries, 29
North Atlantic Treaty Organisation, 17
Northern Ireland, *376*, *458*
Nuclear energy, *404*

Official information, *460*
Offshore
  oil and gas, *442*, 32

Parliament, *419*
  prorogation and opening, *455*
Poland
  Anglo-Polish relations, 21
Portugal's accession to the Council of Europe, *389*

Queen's silver jubilee, *458*

Race relations, 36
Rhodesia, *386*, 11

Science policy, 34
Securities market supervision, *434*
Shorter notes, *388*, *424*, *469*, 21
Social change, 1970-75, *480*
Supplementary benefit, *408*

Taxes and social security contributions, international comparisons, 27
Teletext transmissions, *478*
Terrorism, European Convention on Suppression of, *469*
Transkei, The, *424*

UN General Assembly, *381*
University-industry relations, *477*
US Presidential election, *424*

Venezuela
  Anglo-Venezuelan relations, *468*

World Bank Group, *432*

Yugoslavia, Foreign and Commonwealth Secretary's visit to, *467*

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